

CHAPTER VII.

The Mechanism of Social Service.

What did I mean in one of our talks, when I spoke of the mechanism of social service? Well, let me see. Suppose I answer your question Yankee fashion, by asking another. What do you and I and everybody else mean by business? Answer that question, Doctor, and you have answered your own. The mechanism of social service and the processes of business are two terms for the same thing.

Business in the broad sense is what I mean, of course, and not in the restricted sense in which narrow-minded men sometimes use the word. Banking, for instance, that is business to be sure; but it is not all of business. Neither banking nor any other kind of co-operative service—and banking is co-operative service, mind you—is all of business; no, nor are many kinds of such service, short of all kinds.

You work in a profession. So do I. We like to call them "professions," our industrial tribes do, so as to make our work seem more respectable than business; and the "business man," for some similar reason likes to call his vocation "business" so as to distinguish it from farming, and mechanics, and common labor, and so on, all of which he holds beneath his dignity—except as a boastful memory of something from which he has escaped. There is a sort of "class consciousness" in the whole thing, as our socialistic neighbor down the street would call it. But Mr. Bryan

was right when he told the business classes away back in 1896, that they were too narrow in their ideas of what constitutes business.

Business includes all forms of production and trade—farming, transporting, storekeeping, banking, the professions. It includes also the work of the men who get stipulated wages, as well as that of those whose wages are included in what they call profits. As the mechanism of social service, business comprehends all serviceable work.

Observe, Doctor, that I said "serviceable." I didn't say "useful." A good deal of business, a considerable part of the mechanism of social service, is not useful. That is to say, it is not beneficial. But it is all serviceable. Every occupation serves some general desire; if it didn't it wouldn't survive.

Theft come into that category? Of course not. Theft serves no one's desire but that of the thief. His customers are not free agents. They may hold up their hands meekly enough while he "goes through" them, but they have no desire to. Not only is he not useful to them, but he is not serviceable to them either.

And what is true in that respect of illegal theft, is true also of all forms of legal theft—"monopolies" as we commonly call them. The monopolist gives no service—not in his role of monopolist,—either good or bad, useful or vicious, in exchange for what he gets. He may, indeed, in connection with his monopoly, render service in some degree. This happens, for example, when water is supplied through the mains of a water monopoly. The water is serviceable. For most purposes it may also be useful. But all that the monopolist gets over the value of the water service, he gets by force of his monopoly, and without giving anything serviceable in exchange for it. He gets it as the thief gets loot—by coercion. He gets

it because the law creates conditions that enable him to charge all the traffic will bear without the restraints of competition. That is to say, he serves under conditions of law that prevent others from serving at all, or else compels them to serve at a disadvantage. He has the advantage either of exclusive service or of privileged service. Consequently there is little or no limit to what the traffic will bear in his case, except the desire of his consumers. They must come to his terms or go without that kind of service. His price is not at an equilibrium established by the opposing forces of their own desires and the desires of others, as in competition or co-operation; it is regulated only by the limits of their desires on the one hand and of his rapacity on the other. He holds letters of marque on the business seas; and in so far as his prices are higher than others would be freely willing to serve for were they allowed to, his income is on a par with the income of the ordinary thief. It is legalized loot, and loot is loot whether legalized or not.

But the man who makes or sells things that many of us would call useless, or even vicious, is nevertheless engaged in business, in social service, if those he serves are free to accept or reject what he offers them in exchange for what he demands of them.

You and I know people who denounce the liquor traffic not only as useless but as vicious—and, Lord bless us, I have no quarrel with them on that score,—but whether useful or injurious, the liquor traffic is serviceable or it would “go broke.” Then there are others who feel the same way, though with minor intensity and less reason it may be, about tobacco, and tea, and coffee, and so on. They may be right. Possibly all these things are so injurious that they cannot be called useful. I do not dispute it. That is in your pro-

fessional line rather than in mine. But so long as those things are in demand for consumption, they are serviceable even if they are not useful; and the making and dealing in them is a social service, a business, in the same sense that the making and dealing in anything else is a social service or business. Take one of the business men at Joseph's restaurant, for instance, one of those that we call "waiters" for purposes of distinction. He may not be as useful when he serves us with beer as when he serves us with a sandwich—except in the estimation of vegetarians, you know, if the sandwich is a meat sandwich—he may not be as useful, I say, but he is just as serviceable, provided we have voluntarily asked him for the beer.

Mutuality, Doctor, mutuality, that is the key word of the business mechanism—mutuality between giver and getter, so that each giver gets what he wants to get for what he gives, and each getter gives what he wants to give for what he gets. The more steadily business runs in that direction, the closer does it approximate to the natural laws of social service; the farther it goes in the opposite direction, the closer does it approximate to low-down theft.

A person's business is the pursuit or occupation by means of which he helps to serve others in exchange for the service he gets from others,—by means of which, to fall back upon the vocabulary of business, he gets from others for serving them the money wherewith he buys the things he wants himself. This is his way of rendering social service; it is that part of the mechanism of social service with which he comes into immediate contact in rendering and receiving service. And the regulators of this mechanism, the elements of business, are those fundamental principles of social service that we have been considering in

our friendly talks, and which, though not specifically distinguished as the principles of any particular business, are the necessary conditions of all business.

Yes, we are competent, too, you and I, to consider the elements of all business. It is true, to be sure, that every occupation comes under principles peculiar to itself. Yours and mine do. They are governed by technical principles that must be minutely learned, and no one can intelligently consider these technicalities in any business but his own. But beneath technicalities are the general principles of all industry, of all social service, of all business. Any one of intelligence may grasp these, because they require for their mastery clear thinking on common facts rather than minute knowledge of technical facts.

Without an understanding of these principles even the technically skilled are at a disadvantage in their own callings. Did you never read Waldo Pondray Warren's "Thoughts on Business"? They are really excellent. And nothing in the whole collection is better than this bit of advice on learning a business: "The first thing to acquire is the habit or disposition of looking into things. Get a bird's-eye view of the whole, then learn what general kinds there are, then the component parts of each, and then the details of the particular part you need to use. To work from the top downward is the quickest and most comprehensive way. The questions of What, Where, How and Why—especially Why—get quickly at the heart of what is needful to know about any phase of a business."

Why, Doctor, business is simply the art of adapting means to ends for social service. Considered in detail it may be this or that particular art,—as farming, mining, manufacturing, sea-

manship, railroading, trading, storekeeping, banking, and the great variety of their subdivisions; considered in general it is the correlation of all kinds of arts which tend to satisfy individual desires by the interchange of individual services. Its general principles are those elementary principles of social service that we have already formulated. You'll recall them if I tab them off on my fingers.

Let my thumb remind you of the foundation principle of all, the law of human nature that men seek to satisfy their desires with the least exertion. This is the social service law of the line of least resistance, don't you remember?

Then we have here on my index finger, a reminder of the elementary law of trade: The direction of the demand for service determines the character of the supply of service; or, in business phrase, don't you see?—the expenditure of money by consumers in demand for commodities determines the expenditure of money in business for the supply of commodities.

Now look at my middle finger to remind you of the law that every person who consumes products of social service, and who pays his way in the world with service of his own—don't you forget that, Doctor, for we are dealing now only with the people that pay their way with their own work, and not with parasites whether legal or not, not with any class that pays its way with other people's work, classes we will consider when we take up the pathological aspects of our subject—every one who pays his own way with his own work, I repeat, virtually produces the things he consumes even if he does not literally make them.

Don't you remember how we agreed that the man who makes shoe soles week in and week out, nothing but shoe soles, wouldn't do it unless he

could trade them for what he wanted? And don't you recall that I virtually got my own live-bait and you virtually mailed your own letters that day when we swapped errands in the mountains? You will find this an important elementary lesson in business; for it means that every one who works produces his own wages, and what is more, that he produces them before he gets them.

Some business men think that they advance the wages of their employes out of their capital. Nonsense. They do nothing of the kind—no more than any of us advances to another anything out of our capital when we swap our money for their goods. They may help their employes to trade their wages in the forms in which they make them for the forms they really want to consume. That is, they may help them to liquefy their wages, so to speak; but employers don't advance workingmen their wages. They get from their workingmen the equivalent of money before they give them money. Do street car companies advance conductors their wages? Absurd? Of course it is absurd. Street car conductors produce from passengers the money with which their wages are paid, all through the week, and they don't get their wages till Saturday. It is the same with other workmen, except that they produce something else than the very money they get for their wages.

To give either money or anything else for property in any other commodity whatever, or to give property rights in a choice from all commodities in exchange for property in one kind of commodity, as we do when we give money for something else, is not to advance anything; it is simply to swap one thing which is more or less desirable for another thing which is more or less desirable. Take that shoe-sole maker again, for illustration. Haven't we found that his em-

ployer advanced him nothing? All he did was to rent him space and sell him leather conditionally, just as old Sampson rents you and me our offices conditionally, and as the New York merchants used to sell Alec Howell his little supply of store goods conditionally. Our shoe-sole maker's employer sells or lends sole leather to the shoe-sole maker, and rents him floor space and a machine, upon a bargain that the shoe-sole maker will turn over the shoe soles he produces at the end of the week at a stipulated price, which both of them call wages. The two are in fact joint owners of the shoe soles, the one to the extent of an interest that constitutes his wages for turning sole leather into shoe soles, and the other of the rest. This is not quite the legal aspect of the matter, but it is the essence of it. Legally, the shoe-sole maker may have no interest in the shoe soles he produces; but essentially he is a partner or co-operator with his employer. He may not realize much on his partnership, but that doesn't alter the fact that he works as a partner, as a co-operator.

Why, now, I remember me that there was a case in one of the Western courts, Wisconsin, I think, which decided that in some connections this very co-operation is recognized legally. It was a case on mechanics' lien law, and it decided that a cook in a logging camp—just a cook, mind you, who had never handled an ax in his life except to kill hens for pot pie,—that this cook who cooked for the loggers in a lumber camp was thereby chopping down lumber. "What one does by another he does himself," don't you see?

But to come back to our shoe-sole maker, do you suppose that his employer would have paid him any wages if he had done nothing with the leather? I reckon not. Employers pay wages for

product. Whether they measure them by time or not, it is product and not time that they buy. They are in reality buying the workman's output, which, in the first instance, is his property and not theirs. The fact that they bargain for it in advance makes no essential difference. Even if the workmen have to bargain under duress and at a loss, the essential character of the bargain is the same, namely, a bargain for the ownership of goods to be made.

In the case of our shoe-sole maker the greater serviceableness as a commodity in the social service market of the soles over the leather, was the property of the shoe-sole maker the instant he did the work—his wages, which he himself had made. When the employer gave him money at the end of the week, that money was not only not an advance of the man's wages, but was not wages at all. It was paid after the commodity had been produced, and it was purchase money for a commodity just as truly as the money you paid the storekeeper for that new hat of yours was purchase money. The storekeeper gave up a hat of his own to get your money, and the shoe-sole maker gave up a shoe-sole product of his own to get his employer's money. He gave up his wages in their original form for money, and with the money he bought other products; and the products that he bought, if he or his family consumed them, were his final wages, his real wages, the things he had worked for.

I'll tell you what it is, Doctor, if both employers and workingmen had a better understanding of this middle finger law of social service, this law that every one who pays his way in the world with his own work makes his own wages, if both had a better understanding of that law, both would be better business men, better co-operators in social service, than they are.

Going now to the third finger, let us have that remind us of competition, which we talked about the last time we met—mutuality of competition, you know, co-operative competition, emulation if you like the word better; and not the jug-handled competition, the tooth-and-claw competition, the devil-take-the-hindmost competition, which monopolistic conditions have produced. Somebody has called competition the life of trade, and so it is,—the life of trade, the life of business, the motor force of the mechanism of social service. If business were competitive through and through, with no monopolies to disturb the free flow of social service interchanges, everybody would get the full value of the wages he earns. Nobody would have any "rake-off."

But that thought leads on to pathological considerations; so I'll break it off and ask you to think again of money as you look at my little finger. You remember, don't you, that money is only a medium of exchange, and its terms a language of values? Well, don't forget this, for money terms constitute the dialect of the business world, and money is its fetish. Business men get so they seldom think of anything except in terms of money. I knew a business man once, and you knew him too—a genuinely good man, a man who contributed liberally to his church, according to his means, and as a Christian and not as a mammonite (and they don't all do that, do they, Doctor?), and also to everything else in which he believed, and who never felt that he was buying his pastor's soul when he helped pay his salary—I knew this man to say of his pastor once that in his preaching he always gave a hundred cents on the dollar. You see our friend was so accustomed to measuring market values that he couldn't speak of spiritual values except in dollar terms.

Now let me recapitulate, for these things must be kept in memory all the time. The uplifted little finger stands for money, a mere business medium, and its terms a language of business values. The uplifted third finger stands for free competition, the motor force of the business mechanism. The middle one reminds us of the business law that every worker produces his own wages. The index finger stands for the law of demand and supply in business interchanges. The uplifted thumb represents the underlying reason for business, which is the natural human tendency to seek the satisfaction of desire with the least effort.

These elementary principles are common to all kinds and grades of business, and without an appreciation of their value the technical laws of particular businesses become a hotch-potch of unrelated formulas. But don't forget, Doctor, that business has pathological conditions. If you do, you will find yourself quarreling with natural laws, either denying their existence or else wrenching them out of shape—trying to, that is, for in fact you can't do either—you will be quarreling with natural laws, I say, instead of removing unnatural obstructions whenever things go askew, if you forget that business may have pathological conditions. Some business men, and I am not so sure that I couldn't rightly say most business men, study to get the most by least effort, not by improving business methods in the direction of the general good, but by preying upon their fellows. Some institutional—oh, bother, here I am again talking pathology when we are still on the health side of our subject. The fact is that business is so saturated with monopoly poisons, the business mechanism is so clogged with monopoly obstructions, that it is difficult to ignore what I have called its pathology

long enough to get a clear preliminary apprehension of its normal processes. But it is possible, and I must try to do it, although I hope you will be interested in a special discussion of the organic pathology of business before we drop the subject.

What I have tried to do to-day, and with as few departures into pathological fields as I could help, has been to consider the mechanism of social service as it would be if its normal processes were undisturbed by fraud, or coercion, or oppression of any kind, either personal or institutional, either criminal or legalized. We must consider it first as if the competitive forces were free to exert equal pressure on all sides of every swap, somewhat as the air does on all sides of physical bodies in equilibrium. If we do that, we shall see that normal business is the social service art of satisfying the desires of each with the least effort of each, and shall be able all the better to understand pathological symptoms.

This art comprehends the mechanism, the processes, the movement, the orderly activities, of the social service market, of which I have frequently spoken in these talks of ours. As it revolves about the systematic trading of objects of more or less general desire, I am going to ask you to let me talk to you, when we meet again, about trading and its profits; and after that about the circles of trade; and then about credits and accounting; after which we might look over the mechanism of social service as a whole for disorders and derangements to account for its eccentric motions and defective results. Oh, no; not at all; no, no, I don't intend to talk about it in any technical way. That wouldn't be necessary for our purpose, and I shouldn't be competent if it were. But we could talk sensibly about the uses and general characteristics of a locomotive, couldn't we, without knowing the difference even between a

valve and a piston? So we can talk sensibly about trade, I take it, without knowing a thing about particular commodities, or values, or prices, or qualities, or crops, or rates of exchange, or economies, or other mysteries peculiar to particular businesses. What we need to understand is the general modes of trade in effecting the purposes of business, which is the proper shaping and convenient placing of commodities for the satisfaction of human wants in an economical manner.