

CHAPTER VIII.

Trading.

Doctor, do you remember those trips "over to town" that we used to make with my grandfather when we were boys, usually in the old truck wagon, sometimes on top of a moving mountain of hay, and in the truck body on bob-sleds when sleighing was good? We bothered grandfather a good deal with our irresponsibility and antics on those trips, and he would talk about us afterwards to your father down in the shoe shop, don't you remember? as "mischeevous young imps." But he liked to have us with him all the same. He no more wanted to miss the chance than we did. And don't you recall what he used to say he made those trips for? I do, perfectly. He would say, "I've got to go over to town to-morrow to trade; may be you boys want to go along?" May be! I reckon we wanted to go along. But that isn't the point. What concerns you and me just now is the reason grandfather gave for going. He went "over to town to trade."

Now, what did my grandfather mean by that? Why, he meant that he was going to take to town some of the products of our farm and swap them for other social service products gathered and stored there from all over the world. In other words, he was going to get the wages our folks wanted and had earned, by exchanging the things they had made for that purpose. Sometimes he took over a load of hay, at other times a load of apples, at others bags of grain, once in a while corn on the cob. And now and then, you know, grand-

mother would go along with butter and eggs. No doubt you remember how we used to come back with West India sugar, and New Orleans molasses, and New England codfish, with cotton for quilting and muslin for shirts and sheets, with calico and coffee and tea, sometimes with a bit of furniture for the parlor, or a bolt of cloth for clothing, and at long intervals with a load of anthracite coal for the sitting room fire. Mind you, Doctor, there had been trading "over to town."

Doesn't the recollection of those trips bring up to you a vision of the vast field over which that trading must have spread? Can't you see bold sailors on wild seas, and brave miners at work deep underground? Can't you imagine the iron horse cutting across country in all directions, and the competing canal boat floating slower than a snail's trot along the artificial water ways that threaded mountain and valley? Don't you see the black slaves on Southern plantations, and the white serfs in European fields? Doesn't it make you think of noisy factories and busy stores, of thriving towns and cities of wonderful magnificence? Doesn't it recall the wood cuts that we used to dream over in our old geography, those wood cuts that suggested so many different ways of working, all so wearisome that we envied nobody but the head worker who sat in the shade and drank something cool? No, we didn't think then of what was involved in those little journeys to town, but we can now. Don't you see that they meant trade, trade, trade—the wide world over? When grandfather went "over to town to trade," he came in touch with the social service of the world. As a social servitor, he entered into economic intercourse with millions of other workers—and some parasites.

Farmers do their trading somewhat differently now-a-days, I make no doubt, than when you

and I used to go to town with grandfather to trade; but not any differently in principle, I guess. No matter how farmers do their trading now, they still trade farm products for a share of the big world's products from out beyond their farms. That is, they swap their own social service for the social service of others, just the same to all intents and purposes as my grandfather did when he took us with him "over to town to trade." And they do it now at stores, too, just as he did.

May be the stores aren't run in quite the same way in all their details, but they are stores all right enough. About the only difference is that grandfather's trading was more a matter of direct barter than the trading of farmers now. He traded his hay at the railroad station for coal, his apples at the distillery for cider, his grain at the flour and feed store for flour and feed, or at the general store for groceries and other household supplies; and with her butter and eggs, grandmother bought calico and muslin and coffee and tea of Slim Jim Pulsifer from across the swamp. You remember Jim. He was ambitious to be a merchant, and had become a regular store clerk who worked now without taking off his coat. He had got to be quite genteel, don't you know? and would hand out a stick of candy to you and me with real mercantile grace. None of those old store swaps were exact offsets, to be sure, but mutual accounts were kept, and at settlement time there was seldom enough difference either way to make it worth while to do more than carry the balance over to the next year. There is doubtless more specialization now in storekeeping in some respects, and more generalization in others, and mutual accounts may be much less common, while cash payments either with money or checks are the regular thing. But in principle, don't you see? trading goes on as it always has since social service

ushered in the dawn of civilization, and as it always will while social service lasts.

Some way, some how, some where—if not “over to town,” then at the village, or the hamlet, or in the barn, or by the roadside, or “down to the city,” or across the street, or around the corner, and if not by direct barter then by some form or other of buying and selling and incidentally of giving credit and taking credit—in some such way, the social servitors of the world will always trade their various specialties one with another, paying tribute in “surplus” service to social parasites if they have to. But tribute-paying is pathological, you know, and we’ll pass it for the present, with only that casual allusion. Such differences, Doctor, as have occurred or may yet occur you will find upon examination to be merely improvements in trading, and not substitutes for it. Trading is natural with mankind—as natural as nest building with birds or dam building with beavers. Man is the trading animal, you know; and as he is also the inventive animal, he is forever improving his trading methods as he improves everything else.

And so we have systematic trading, constantly developing in its methods along the lines of greater and greater economy in accordance with the law we have talked about and tried to remember by associating it with my uplifted thumb—the law that man seeks to satisfy his desires with the least exertion. Not systematic according to artificial rule and formula, you observe, like grandfather’s pernicious system of getting up at daylight and going to bed at dark, nor the system of eating meals at a particular hour, or of taking your toddy at “just about this time of day” if you are a toddy taker; but systematic as a sort of automatic result of the interplay of individual desires for social service groping for the natural line of least

resistance, seeking out the path of greatest economy. Trading was more systematic—that is, it was more economical—when grandfather used to take us “mischeevous imps” with him on his trips “to town to trade,” than it had been when he was himself “a mischeevous imp;” and now it is more systematic, more economical, than ever; but all the time it has been essentially the same thing—voluntary interchange of individual services in the social service market.

When grandfather went “to town to trade,” he did his trading at stores. He didn’t call all his trading-places stores, though; one was a coal yard, another a distillery, another a tannery. But stores is what they all were in fact, even though in some respects they were also something else. For things were stored there in readiness for delivery as needed. To-day some stores are called shops, though nothing is shaped in them and they are just stores. Bob Blissert, you remember, used to keep a tailoring shop. He made clothes. But he didn’t keep a clothing store. You couldn’t get a suit of clothes of him without being specially measured and waiting two or three weeks until he had shaped them in his shop. But Baldwin down there at Canal and Broadway, he kept a clothing store. You could go into his place at any time, and walk out in a few minutes with a finished suit of clothes under your arm or on your body.

A store is a place where social service products are gathered in readiness for convenient and immediate delivery. There are many kinds, as you know—grocery stores, clothing stores, furnishing stores, hardware stores, department stores, and so on—but they all classify into two general kinds: wholesale stores and retail stores.

Wholesale stores are intermediate reservoirs of unfinished commodities in various stages of finishment, from the first stage beyond raw material,

like a wool warehouse or a grain elevator, to the commodity that is so far finished, like coats or loaves of bread, as to need nothing more done to it than, first, to be transported to a retail store convenient to the consumer, and, second, to be delivered to the consumer when he calls to buy it. The retail store is to the wholesale, somewhat as the faucet in your house is to the water reservoir. I have said that before, but it is worth saying again. It is a place for the release of commodities that are finished in every particular except delivery.

It was at retail stores that grandfather did his swapping when he went "over to town to trade" his produce for his wages; and it is at retail stores always as a rule that social servitors collect their wages by buying the things they want for consumption with the things they have made, or their share in the things they have helped make, in production.

The history of the evolution of the retail store? Oh, I don't know, Doctor, as anybody can tell you that. I doubt if any one can without pretending to know a good deal more than he knows. But the probabilities are very simple.

Evidently storekeeping is not a primary occupation. If each man supplied all his own wants by the direct application of his own labor to his natural environment, he would have no use for any storekeeper besides himself nor for any other store than his own cave. Storekeeping is one of the functions that are generated by the human tendency to trade; it is an organ of the social-service organism.

When men specialize their work, each making only part of the things he needs, trade is absolutely necessary. There's no doubt about its necessity, is there? even if we dispute its being a human characteristic. If one man who wants food, cloth-

ing and shelter, and now and then something in the way of luxury, devotes himself wholly to food-making, or to a special kind of food-making, or to a special stage of a special kind of food-making, the only way in which he can obtain all the kinds of food he wants, as far finished as he wants them, and at the place at which he wants them, together with the clothing and shelter and luxuries that he also wants, is by trading his own products in large quantities for the other things in small quantities. Isn't that true? Very good. Inasmuch, then, as civilized work is intensely specialized, each worker finishing nothing, but contributing over and over in a special way to finishing something, trade is necessarily a universal phenomenon of civilized life.

We all live by trading, don't we? And but for trading we should be living pretty primitive lives, shouldn't we? And the more extensive and intensive our trading, the more effective our economies and consequently the possibilities of civilization. Isn't that so? You agreed to it at the time we reflected upon the lesson of our swapping of letter carrying for live-bait fetching when we were on our vacation in the mountains.

But the natural conditions of trading do not permit each maker of one thing or part of one thing to trade his product directly with the makers of the products he desires for consumption. Various devices, therefore, come into use to facilitate trading; and storekeeping is the most fundamental logically, whether it was the first historically or not. The storekeeper makes a business of collecting at one point in a neighborhood all the different kinds of things, wherever in the world they may be made, that are ordinarily required by the people of that neighborhood. And in this all sorts of transporters help him. He collects those things at that point, in the quantities

and at the seasons that best enable him to accommodate local wants; and he trades them upon demand for the limited variety of things which the people of that neighborhood make.

That is the way it was done in grandfather's day, you know; and if it is not done exactly so now, you will find that the difference is only one of specialization. That is, whereas the storekeeper "over to town" in grandfather's day took produce in exchange for store goods, the business is so broken up now that the buying of produce is done by one kind of storekeeper, and the selling of store goods is done by another. One department of trade has been divided into two. This is the more usual form, though truck stores survive in places. So storekeepers who sell store goods may take money now, or checks, instead of produce from customers, leaving the customers to get their money by selling their produce to buyers. But this is all matter of form, and form makes no difference. The essence of the thing is that the world-wide system of storekeeping enables the makers of particular things or particular parts of particular things anywhere, to trade them everywhere for the things they want to consume. It is a system, that is to say, which brings the whole civilized world together in trade.

Such are the uses of storekeeping, and mighty good uses they are, too, Doctor, barring the taking out of tribute through the creeping in of monopoly. But that is pathological, so let us go on for the present with storekeeping as it would be were there no such disorder.

If we imagine a hamlet at a distance from a trading center, we can see that as its needs grow a retail store will come there. It will come under the law of human nature that we ought to be pretty familiar with by this time—the law of the line of least resistance, you know, that we have as-

sociated with my uplifted thumb: the law that men seek the satisfaction of their wants with the least effort; the law of human economy. At first everybody would have to go a long distance "over to town to trade," and that would require so much effort that neighbors would fall in the way of doing trading-errands "over to town" for one another. Then they might join in hiring some one especially to do these errands for them—a carter, say—when the hamlet had grown enough to make that device economical. After a while the carter might get into the habit of buying some of the more staple articles which from experience he found that the little community most certainly would demand, and keep them in store, selling them as they were wanted and charging a profit, instead of going for them especially and charging wages for the trip. The profit without the trip would pay him better than wages for the trip, and yet it would cost the consumers less. Somewhat after that fashion, Doctor, I take it, would be the beginning of the retail store in that community.

Of course the details of its evolution might be very different. A peddler, for instance, might see the opportunity for serving that community better and with more profit to himself by setting up a retail store there and keeping goods constantly on hand ready for consumption, than by coming around with such goods at intervals. Any one of a thousand other possibilities might produce the result, but the result would be essentially the same. Whatever the details of the evolution, the store itself would come in response to some of the laws we have already been over and which I enumerated in a kindergarten way on my fingers to help you remember them—see: men seek to satisfy their desires with least exertion—thumb; the direction of demand for service determines the character of supply of service—index finger; com-

petition discloses and measures this demand better than a committee or a mass meeting could, and with greater or less accuracy and fairness all around as competition is more or less free—skip the middle finger and think of the third.

As soon as it is easier, more economical, for any community as a whole to buy of a local store-keeper than to go or send "over to town to trade," paying him a profit, or higher price than he pays "over to town," or "down in the city," just so soon will the retail store come into that community in the natural order. It may come sooner, through misjudgment or from cut-throat competition; it may not come so soon, through misjudgment or obstruction. But as water runs down hill, even if it has to surmount dams to do it and is thereby delayed, so will the retail store come to a community that needs it as matter of economy.

In those circumstances the carrier, the peddler, or some one else who infers potential demand and its possibilities of profit, will be spurred on by competitive impulses to start the store. When he has started it, he will of course charge, for the goods he buys and stores, "all the traffic will bear." Everybody does that, you know. But how much would the traffic bear if competition were really and truly free, if there were no monopolies? Not more than enough to pay him as well for his service as any one else equally competent and faithful would be willing to render that service for? If he attempted to gouge the community, free competition would drive him out, and he ought to be driven out. But if he served the community well, no one would set up a competing store until the community had real use for more than one—if competition were free, mind you, Doctor, if it were free.

Of course, if competition were not free, if mo-

nopolies interfered with the free flow of social services as dams may with a free flow of water, there would be disarrangement of the relation of production to consumption. In that case fellows on the lookout for a chance at cut-throat competition in storekeeping would break in destructively, just as men out of work and looking for chances for cut-throat competition at getting a job—"scabbing," I think is what this is called—are all the time doing. But in the absence of monopoly, free competition would regulate the matter to the benefit of all.

Yes, Doctor, I did say "profits," and I am very glad to have you call my attention to it. I guess you've been talking again with our socialistic friend down the street. He is a good fellow, as you say, and he and I do agree on a good many points; but he is very much addicted to confusing the diverse meanings of that much abused word, "profits." And really there's no worse abused word in the dictionary. One can never safely use this word for purposes of exact expression without explaining precisely what he means by it, and then sticking to his definition.

Frequently "profits" is used to mean "rake-off," and nothing but "rake-off." Persons who use it in that sense denounce profits, as our socialistic friend with whom you have been talking does. So should I denounce profits if I used the word in that sense. But those who use it so forget, just as our friend habitually does, to keep their use of it within the bounds of the objectionable meaning they give to it. They will calmly condemn the profits of the storekeeper, or the manufacturer, along with the profits—well, of the land speculator, for instance—all in the same breath. Yet the profits of the land speculator are nothing but "rake-off." He doesn't do a solitary thing to earn his profits—not as a land

speculator. In this capacity he is no more serviceable than a poker player. But that isn't true of the storekeeper as such, not altogether at any rate, nor of the manufacturer as such. They do earn at least some portion of their profits.

This looseness in the use of the word "profits" is largely the fault of political economists who put all profits in one category. Whether the profits are earned, in whole or in part by serviceable work, or are altogether a "rake-off," they make no distinction. This comes probably from the disposition of economists to adopt for exact economic analysis the undistributed terms, and the loose habits of thought as well as speech, of the business man. The term "profits" is a business term. It includes some kinds of earnings and some kinds of business "rake-offs." For mere business purposes, where no distinction is made, or intended to be made, or necessary to be made, between what is earned and what is only a legal appropriation, the word serves well enough; but in economic analysis, or in the forum of morals, or in connection with legal or political reform, the two kinds of things which the word "profits" interchangeably includes and messily confuses, must be clearly distinguished. We must separate so much of "profit" as is truly earnings for service, from so much as is merely "rake-off." Of course you can't put into the same category, in economic analysis, two things so different as earnings and "rake-offs," and then expect to reach sane conclusions. The hunter may talk of "wild game," but that won't do for the naturalist; so the business man may talk of "profits," but the economist and the economic reformer must be more precise.

No one has the right to use the word "profits" in the sense of a "rake-off" without saying so, nor then without confining his use of it to "rake-offs."

Why not? Because, as commonly used in business, the word "profits" means merely the difference between what you sell commodities for and what you have bought them for; and in that sense it includes not only the "rake-off," if there is any, but also the value of the service which the storekeeper renders. We don't want to object to the value of a service as a "rake-off," do we, Doctor?

The New York Herald was once guilty of a gross misuse of the word "profits" in connection with a strike of retail newspaper dealers, mostly newsboys. The Herald had reduced its retail price, but not its wholesale price, and the dealers boycotted it. They said it wouldn't pay them to handle the paper for the trifling profit that remained. Now, what do you suppose the Herald replied to that? Truly, it is to laugh! The Herald seized upon the loose use of the word "profit" which the newsdealers had fallen into, and argued that the dealers' profits had been exorbitant because they were at the altitude of 80 per cent. How do you suppose the Herald showed this? Why, it contrasted what the newsdealers had paid for Heralds with what they had sold them for, and deducted from the difference some cash outlays for newstands, etc. But it left out the item of the newsdealers' earnings. Yet they must have earned something in placing Heralds in the houses of newspaper readers every morning through all the changing seasons of the year and before the readers were out of their beds. The truth is that the 80 per cent profit was wages for work, every penny of it, and not very good wages either.

If that profit had been more than wages for work, and competition had been free in all lines of social service, newsdealers would have had to sell the papers for less than they did. "Rake-

offs" don't keep if competition has free play. No one can long get more than his service is worth, when competition is free. Nor will he long take less. So the profits of the newsdealers in that case must have conformed to their earnings, as profits always must unless competition is obstructed by some form of monopoly. Let me indulge in an arbitrary illustration. The Herald case suggests it.

Suppose you want a newspaper some morning in a neighborhood where there happens to be no newspaper service. You meet a boy and ask him to go to the nearest newspaper store he knows of and buy you one. You give him two cents to buy the paper with, and when he brings you the paper, another cent for his service. Has he had any rake-off? Of course not. Yet a two-cent paper has cost you three cents.

Suppose now that the boy, finding that you want this service regularly every morning, buys the paper with his own money and before you ask him to, and then sells it to you as you come out of your house. He has paid two cents for it, and he charges you three—a profit of one cent. Where is his rake-off in that profit? There isn't any, is there?

But go a little further. Suppose he discovers that a lot of other people in your neighborhood are put to more or less inconvenience, just as you were, by having to resort to uncertain devices to get a morning paper, and he goes to the newspaper store and says, "See here, Mister, how much'll you charge me for papers if I take a hundred every day?" and the storekeeper replies, "A cent apiece." Then the boy's profit would be two cents, wouldn't it? for of course he'd charge you three cents as before, being quite alive, even if he is a boy, to the business principle of charging "all the traffic will bear." But what "rake-

off" would there be in that two-cents profit that there wasn't before in the one-cent profit?

Yes, Doctor, you are quite right; if a profit of two dollars a hundred were really excessive for handling those papers, then there would be a "rake-off" in the profit. But if there were, how long could the boy continue to get it unless he had a monopoly of the supply? Why, just long enough, at the longest, for other boys equally able to render the service and equally faithful in rendering it, to find out how rich a "rake-off" there was in that profit—if competition were free, Doctor; always remember that third-finger point: if competition were free. Those other boys would compete until there was no rake-off left in the profit; until nothing was left in it but pay for the service.

No, that wouldn't be forcing wages down, either. To eliminate a "rake-off" is not to lower wages. To be sure this competition of the boys would tend to reduce profits on delivering newspapers; but it wouldn't reduce them below the earning point—not unless competition were obstructed by some monopoly or other. Wages cannot long be reduced below the earning point, no more than dinners can long be reduced below the living point, unless anti-competitive conditions prevail—that is, monopolistic conditions which obstruct opportunities for social service, thereby making a glutted labor market, and creating a class of parasites who flourish upon legalized "rake-offs."

If a large proportion of people are able and willing to serve in the social service market, yet are prevented by monopolistic conditions, they will work for a bare living rather than starve; and thereby, through cut-throat competition, they will reduce wages below the earning point, and leave a surplus for "rake-offs." But if social

service conditions are not monopolistic, but are freely competitive, no one will compete with another unless the other is getting profits which contain a "rake-off" over and above earnings.

Do I think that ordinary wages are up to earnings now? Indeed, I do not. If they were, how could so many people be living in luxury so long without earning much of anything? Some one has to earn that luxury. But this is pathological. Let us go on with our consideration of the normal.

Under normal circumstances the thing which the word "profit" identifies in business nomenclature, is evidently a form of compensation for work—compensation for a service of more or less uncertain result. Being for an uncertainty, this compensation would be high with a successful outcome, of course, for it would be nothing with an unsuccessful outcome.

If everybody who engaged in social service took his pay according to results, there would be no such thing in business contemplation as "profit." But some men would prefer even under the most normal conditions—I think that I should—to bargain in advance for their share; while others would be willing—I think old Sampson would—to buy those shares in advance and take chances. The incentive to the one kind of person would be the certainty of result to them, though their net earnings might turn out to be lower; the incentive to the others would be an expectation of getting something out of the speculation—the gambling spirit in us, you know. And yet it might not be altogether due to the gambling spirit. An expert in some kinds of production might want to bargain in advance with all the help he needed—buying out their shares in the expected result—so as to be free to utilize his expert abilities without dicta-

tion from less competent persons. And what's the harm, so long as there is no coercion?

If general social service conditions are so far pathological that the sellers of service have to sell in advance whether they want to or not, then you have a pernicious "profit" and "wages" system,—a labor class exploited and an employing class exploiting. But if both buyers and sellers of labor power were really and fully free to bargain on equal terms, there could surely be no harm to anybody in the system of bargaining for service in advance of results, and there might be a good deal of benefit in it to everybody. It would make a "wages" and "profit" system, to be sure, but not a pernicious one.

May be I can illustrate the whole matter with another reminiscence. You remember, don't you, that happy day in the long ago when our farm hands and some of our neighbors went over to Green's Pond together to fish with a net, and took you and me along to drive the fish? Didn't we thrash through the water though; and wasn't it fun to be in there with our clothes on, some of them; and wonderful to see the hauls we made of pickerel and perch, great big ones that you couldn't have fooled into biting at a hook, and horny cats, with an occasional eel, and now and then a good-sized black bass? And do you mind how along toward sundown we put all the catch into piles on the grass as nearly even as possible—a pile for you and me too, each of us,—and how Than Cummins turned his back so he couldn't see the piles, and Fowl Bird pointed toward the piles, one after another while we all looked on, and how Fowl asked for each pile, "Whose is it?" and how Than said, "It's Bill's," or "Big Lewie's," or "Little Lewie's," or "Chris's," or "Uncle David's," and so on?

There were three more piles, you remember,

than there were folks in our party, men and boys all told. One of those piles fell to my grandfather, and I took it home with my own. Another fell to your father, and you took that home with your pile. The third fell to "the man what owned the pond," as we called him when we talked about it on our way home. How well I remember what you said. You weren't a bad political economist in those days, Doctor. You said: "Now it's all right to give your grandfather a pile of fish, because he lent us the team. And it's all right to give my father a pile, because he lent us the net. But why did they give a pile to the man what owns the pond?"

I wanted to know if he hadn't as good a right to one as my grandfather and your father. We didn't either of us question the square deal, you see, of dividing the fish among the men who had helped catch them. Maybe that was because we were only kids. But we both questioned the square deal of giving any to the folks that hadn't helped catch them. Maybe that, too, was because we were kids. Do you remember how you answered me?

You said that we couldn't have got over to the pond without my grandfather's team, and that we couldn't have caught so many fish without your father's net, and so your father and my grandfather helped catch the fish, even if they weren't at the pond in person.

But I was good and ready for you. I wanted to know how many fish we could have caught if "the man what owned the pond" hadn't let us fish in it.

That stumped you, but pretty soon you gathered yourself together and blurted out: "But the man what owns the pond, he didn't make it, and he didn't put the fish into it, and he didn't do nothin' but just head us off from fishing there—or could

have—unless we'd give him some of the fish we caught."

And as we talked it over, you and I, there at the back end of the old truck wagon, chewing wisps of straw thoughtfully as we rode home in the moonlight, and speaking in low tones for fear the men would hear us and make fun of us for trying to think of something serious and sensible, we came to a very wise conclusion. We concluded that those fish belonged to the folks that caught them; and that grandfather caught some because he had helped by lending us the horses he had raised and the wagon he had bought by working as a farmer and trading "over to town" for what wagon-makers had made; and that your father had caught some because he had lent us the net which he had bought of its makers by working as a blacksmith and trading for it; and that "the man what owned the pond" hadn't caught any, because God made the pond and stocked it with fish and hadn't labeled either the pond or the fish with anybody's name or traded them to anybody—but we must give "the man what owned the pond" some of our fish to make him good-natured enough to let us fish in the pond.

We didn't state that sage conclusion quite so explicitly, but the idea was in pretty good shape in our minds and we understood each other about it pretty much as I am recalling it to you now. We might have worked it into better shape even in those days when going a-fishing was our substitute for a trip to Europe; only it seemed to us the next day that may be we must be wrong, for that wasn't the way the grown folks looked at the thing at all. So we threw it off our minds and turned our attention to learning to smoke without getting sick.

Now, Doctor, that fishing experience enables

me to make a pretty good illustration of "profits." Those piles of fish were the "profits" for the day of everybody who got a pile. The pile that "the man what owned the pond" got for letting us fish in it were his "profits." The pile my grandfather got for lending us the team were his "profits." The pile your father got for lending us the net were his "profits." And the pile apiece that you and I and the men got, they were our "profits." But the elements were different in each of those "profits." To use the terms of political economy that you and I afterwards learned under Prof. Rutley, my grandfather's "profits" and your father's were "replacement" and "interest" on "capital;" the "profits" of "the man what owned the pond" were "rent" of "land," and the other "profits" were "wages" for "labor."

There were no "profits" I suppose in the ordinary business sense in that illustration because the transactions were not on a profit basis. But suppose that instead of our making the divisions of fish as we did, my grandfather had "capitalized" the fishing expedition. Suppose he had said to all of us—or to those men, let us say, so as to keep ourselves out of the problem,—suppose he had said to them, "You go down to Green's Pond tomorrow and fish for me, and I'll give you each a bushel of wheat." Suppose he had said to your father, "Lend me your net tomorrow, and I'll return it with a bushel of wheat." Suppose he had said to "the man what owned the pond," "Let my folks fish in your pond tomorrow, and I'll give you a bushel of wheat." Don't you see that the whole thing would have been just the same as it was, except that grandfather would have been taking the risk of the catch, and everybody else would have had a sure thing? If the catch had turned out large, grandfather would have made

a good profit that day, which might not have been as good another day; and if the catch had turned out poor, he would have made a small profit, or maybe none at all, which he might have offset with a luckier fishing expedition later on. But everybody else would have got just so much wheat whether the catch of fish had turned out good or poor.

Now if my grandfather had been free to make that offer or not to make it as he pleased, and everybody to whom he made it had been wholly free to accept it or not, what wrong, or harm, or unfairness would there have been in it? I can't see any.

Of course I could, if those men had been deprived in some way of their equal rights, and instead of making their decision upon the basis of the more or less desirable, had consequently been obliged to make it under coercion. If they had been slaves, for instance, so that they had to catch fish for grandfather on his own terms; or if all the fishing ponds had belonged to men "what owned the pond;" or the ponds had been "capitalized" and the price raised so high by juggled competition for ponds that the men couldn't fish at all without bargaining their labor away to my grandfather because he had the "capital," which they had not, to enable him to bargain with the pond owner; or if for any similar reason they had been compelled to accept my grandfather's terms or go without food or worse,—why, to be sure, in any such case, there would have been harm and unfairness in the thing in plenty. But such a condition would be pathological.

Normally, it makes no difference to any one but their individual selves, on what terms men co-operate in social service. Whether they divide results among themselves after the results

are known, in which case there would be neither "profits" nor "wages" in the technical business sense of those terms, but only shares divided communally as we divided the fish at Green's Pond; or whether some sell and others buy in advance of results by paying what business men call "wages," and making or losing what business men call "profits," concerns only the bargainers. Be it either way, and yet every co-operator in social service would get in the general round-up approximately neither more nor less than he earned—provided, of course, that competition were not seriously obstructed by monopoly any where in the interlinked circles of trade.

In my opinion the "profit" and "wages" system in those free conditions would be better for all and fairer for each than any attempt at arbitrary organization of a system could possibly be. But I confess, Doctor, that I can't see any farther into next week than the next man. So my opinion on that point may not be sound. Of this, however, I am sure, that competition must be freed from monopoly throughout the whole extent of the circles of trade, in order that the best and fairest system of co-operative industry—whatever that system may prove to be, whether of normal growth or arbitrary construction—shall have opportunity for development.