CHAPTER XII.

Analysis of the Instruments of Social Service.

The last time we talked about social service, Doctor, we made a brief analysis, you will remember, of the instruments of production and distribution. We spoke of them, however, as instruments of production,—of production only. For we agreed that distribution, as we were using the word, means delivery; and delivery, you know, is one of the productive processes. The boy who brings you a newspaper, isn't he producing newspapers as truly as is the editor or the printer?

Yes, the word "distribution" may be used in contradistinction to "production"; but then it refers not to delivery of products, but to division of profits. The members and employes of a business firm, for instance, are engaged in production, not only as they shape objects for sale but also as they sell and deliver them. They are engaged in production though they do nothing but sell and deliver. Storekeepers are producers as truly as farmers and mechanics. But in the special sense of the word "distribution" to which you allude, employers and their employes are engaged in distribution only as they divide among themselves the profits of their shaping and selling and delivering,—such a share for the wages of this man, such a share for the wages of that man, such a share for the work of this member of the firm, such a share for the work of that member, such and such shares pro rata for those who furnish the artificial instruments, and such a share for those who furnish the land.

The customs of old whaling voyages afford an extra good illustration; for on those voyages the profits were divided by shares, according to the "catch," somewhat as we divided those fish at Green's Pond when you and I were boys. So we may say—don't you see?—that whaling crews were engaged in producing oil when they harpooned whales, and when they extracted the oil, and also when they transported the oil in their vessels to the point of delivery; and that distribution among them took place when their respective shares of oil were estimated and assigned at the end of a voyage. Consider the analogy, Doctor, and you will see that our old Professor Rutley was right—and yet without my being wrong,—when he distinguished in the way he did between "production" and "distribution." For what he meant by distribution wasn't delivery; it was calculation, assignment, or division of shares—among the workers in wages, the capitalists in interest, the land owners in rent, and so on. I say "and so on" because he used to have several other shares.

Let me see, there was "insurance" for one of them. But I never could understand how insurance could be a distinct share in distribution. What he meant by insurance was a sort of general evening up, the high profits of lucky ventures and the low profits or the losses of unlucky ones making an average when production as a whole was considered. You may call this "insurance" if you wish to, but all the same I don't see how the social service system as a whole can insure itself any more than you can propel your sailboat with a blacksmith's bellows in the stern. Particular workers may insure by selling out in advance to a speculator, who takes the risks. But insurance against risks in production is no more an element in distribution than insurance against fire risks. In a fire risk the owner of the house either carries the risk himself or hires some one else to. In the risks of production, producers either carry the risks themselves, making for themselves the larger wages of good seasons, and bearing with lower wages if the season is poor; or else they hire speculators to guarantee them against low wages from possible bad luck by letting the speculators have the extra high wages from possible good luck. The insurance to which Professor Rutley referred was really nothing but wages. You can't make any other category for it. Producers as a whole cannot insure themselves as a whole. The aggregate of production cannot be made any greater in seasons of bad luck, nor any less in seasons of good luck, by means of insurance. Insurance can readjust or equalize individual shares; but the total fund distributed is neither more nor less, either in value measurements or in utility measurements, on account of insurance.

There was also "wages of superintendence," in our old college days, you will remember. Professor Rutley dwelt on this as a knock-down argument against those "com-*mew*-nists" that grandfather used to rail at in his good natured way, without knowing much of anything about them except that they were trying to make strange rules for a business game in which he played in a modest way. But isn't superintendence work? Well, then the wages of superintendence must be wages for work. So why classify the "wages of superintendence," except as a sub-classification, unless it be to confuse? Of course Professor Rutley didn't mean to confuse. He was the soul of honor. But he was also a very type of guileless simplicity. He was himself confused by his authorities. The words "superintendence" and "wages of superintendence," so evidently indicating mere phases of labor phenomena, confused him, just as some of our rich business friends hereabouts are confused by the word "ability," which the agile Mr. Mallock has supplied them with. The share of production which they claim for "ability," is Professor Rutley's old "wages of superintendence" in a new guise. Our rich business friends around here thank Mallock for his hint, for it enables them to attribute their greater wealth to their greater "ability." They want to distinguish themselves from workers who are not rich, by implying that while they themselves have "ability," the mere workers lack "ability." And indeed the latter do lack the ability to get rich. If they didn't, they'd be rich. But the truth is, Doctor, between you and me and the lamppost, that if our complacent friends are not rich from ability to work, then they are rich from ability to plunder. You understand what I mean. If their "ability" isn't productive, like the ability of the foreman who causes his subordinates to co-operate effectively, then it is furacious, like the ability of the burglar, the forger, or the bunco man. If they are not laborers they are parasites; and even if parasites are not parsnips, fine words won't butter them.

When men boast in this way of the faculty which they call "ability," they ought to explain what kind of ability they mean. They want us to understand, of course, that the "ability" they mean is ability to increase the aggregate of wealth. Now, that kind of ability is fine, provided it is used for that purpose. But that kind of ability when used for that purpose is labor, nothing but labor; and its compensation, no matter how large, up to the point of its productiveness, is wages, nothing but wages. If, however, the "ability" be merely unused ability to labor, or if it be ability to appropriate without productive labor any of the products that others produce by their labor, then the boasted "ability" of our over-wealthy friends is something to be ashamed of. They are in that case living upon the labor of others, as truly as ever a slave-owning cotton planter was. If they are doing that, they are not paying their way in the world.

Another of Professor Rutley's superfluous categories of distribution was "profits." But what are profits but the total increase out of which all shares are carved? You and I have talked this over before, and we won't say much more about it. But to regard profits as a distributive share of production is like dividing a mince pie into mince-meat, crust, and pie, or into two halves and the whole.

The undertaker? Ah, yes; I see. You mean the "entrepreneur" fellow about whom that university extension lecturer told us last winter. Why the entrepreneur is a speculator who gambles on the success of productive enterprises, winning largely if they succeed and losing largely if they fail. Well, haven't we already considered him? In so far as he is a mere gambler, he doesn't count any more than any other gambler. In so far as he is a co-operator in production, his share is wages—if not of his own direct production, then of the production of others who have sold out to him in advance. He gets high wages on doubtful enterprises that succeed, in consideration of taking none or less than none if they fail.

Let's get back now to our whale-ship illustration. The greater value of that ship coming home laden with whale oil, over its value when it left home to catch whales, is the profit of the voyage; and this profit is to be distributed, that is, divided, among the voyagers and their backers. So with the social service market. Its increased volume of products at any time is profit to be distributed or divided; according to service if under just conditions, according to powers of mere appropriation if under unjust conditions. To say that some of these products go to some of the inhabitants of the earth as "profit," is to tumble into verbal confusion. To say that some of these products go to some of the inhabitants of the earth for "ability" or in "wages of superintendence," is merely to make a sub-classification, or else to "duck" or dodge. To say that some of these products go to some of the inhabitants of the earth in "insurance," is merely saying that some of them go to folks who speculate in social service uncertainties. But to say that some of these products go in earnings to some inhabitants of the earth as workers, and that some go to others as beneficiaries of special privileges maintained by sovereign power, is a clear differentiation of a practical and fundamental difference.

And not only is this difference practical and fundamental, Doctor, but there is one part of the special privilege share of production which cannot go to the workers. This is the part or share that Professor Rutley called "rent," when he used to lecture us on Ricardo's famous law. Of course workers might get it, but not as workers; it would be as land owners.

For illustration, there is old Farmer Doe. He owns his farm, and if he gets 20 tons of hay off it, all that hay is his. So you may say, if you like, that he gets the full product of his labor in this respect. But what of Farmer Roe? He also gets 20 tons of hay with about the same work; but he has to give six tons or more to Slim Jim Pulsifer, who owns the farm; and most of that six tons or more is for ground rent, for Slim Jim's improvements don't amount to much. Now the sovereign power of the state compels Roe to do that, for it gives Slim Jim the absolute monopoly of the spot of earth that Mr. Roe farms. No one can use this spot without paying Slim Jim for the privilege. The "laws of the land" say so.

But you couldn't change the general principle of that division even if you changed the laws and allowed Roe to keep all his hay just as Doe does. Differences in location would still give advantages of location, which would provide a "rake off"; and even if these "rake offs" were disguised by mixing them up with wages as part of the income of working men, or with "profits" as part of the income of investors in production, or of "entrepreneurs," or of superintendents, they would nevertheless be "rake offs" all the same. You can see this, Doctor, by contrasting Roe and Doe with Peter Curry over on the side hill farm. Curry owns his farm just as Doe owns his; so he gets all the hay he makes, just as Doe does. And Curry works as hard at making hay as either Doe or Roe. But where they get 20 tons, he'll only get 12 or 13, for the bottoms of that side hill farm are not as good for hay as those of the other farms. They "won't more than pay wages," as grandfather used to say. Don't you see, then, that Doe and Roe would get more hay than Peter Curry, though they all worked alike, even if the laws were to step in and put a stop to Slim Jim's absentee landlordism? They would get more because some of their hay would be for ground rent or location advantage, and Peter's wouldn't. They would be getting something for a location on the planet, while Peter Curry would be getting nothing but wages for work.

Now, Doctor, there is no way, I repeat, of preventing this classification of products into a rent fund and a wages fund,—not so long as we allow land to be privately possessed. Nothing short of land communism would stop it. And I for one don't believe in land communism. I think it is a back number. Our present system of individual occupancy is essentially a good one,—the best we have ever had. It is its abuse, not the thing itself that is bad. But you must understand that with individual occupancy of land, some spots on the planet being more desirable than others, the occupants of those spots will have an advantage. Premiums inevitably result from private occupancy of specially desirable locations. Consequently, under private occupancy we have two natural shares or funds of labor products for distribution. One fund represents the aggregate product up to the point at which there is no advantage of location—up to the Peter Curry point in hay making, let us say. The other fund is the remainder of the aggregate product—the excess on the Doe and Roe farms, let us say, in comparison with Peter Curry's. The former fund may be conveniently distinguished as "wages" and the latter as "rent." To make this distinction is to recognize a definite natural law of division or distribution. It furnishes the fundamental classification. All other classifications are at the best only secondary. But these two, comprising the entire product to be distributed, point to a great social service fact, to the fact that if there are working interests and landed interests in a community, each will be compelled to yield to the other a share of the general profit. What proportions those shares will be, will depend of course upon the equilibrium of power in distribution.

Some say that at least one of Professor Rutley's other shares in distribution has a place—the share, that is, for those who own artificial instruments. You remember that the old professor called these instruments "capital" and their share "interest." My own view of that matter is that artificial instruments fall really into the category of work or labor—for they are produced, maintained and constantly reproduced by labor,—and therefore that "interest" is only a secondary classification and falls into the primary category of wages. It seems to me that if workers were not "fleeced," as our socialistic friend rudely proclaims that they are, their acquisition of artificial instruments would be like their acquisition of skill, and the interest they got for the one would be analogous to the higher wages they get for the other. But inasmuch as workers are "fleeced," again to quote with reluctant approval from our indignant friend, and to an extent which deprives large numbers of them of all interest in artificial instruments of social service, it may be convenient to divide the social service system into three interests. If we did that, we should have the working interest, or "labor" as Professor Rutley named it; the artificial-instrument interest, or what he meant by "capital"; and the natural-instrument interest, or "land" as the technical term goes. In accordance with that classification we should have to distribute profits in three parts—wages for labor, interest for capital, and rent for land. But in any fundamental analysis, as I think you will agree, we shall be confined to two classifications instead of having three. The artificial instruments, aren't they merely natural materials shaped by human art? Very well. Then in any final analysis, artificial shape must be eliminated as a mere temporary expression of human art; and so the de-shaped material would fall back into the category of natural instruments, pure and simple. If you have workers with the necessary knowledge and skill, and natural instruments and location are available, artificial instruments are easily produced and reproduced, added to, multiplied, improved, and even geometrically progressed.

Not only may this be easily done, but it is done in fact all the time. If labor retained possession of the new instruments it is making hourly it would soon own all instruments of the artificial kind. Think, Doctor, of how little of the volume of artificial instruments that existed ten years ago exists today. Even the buildings and machinery that remain are mightily altered by repairing and keeping up, and for the most part we have new buildings and new machinery. All this has been done in the interval by labor. It is a serious mistake, Doctor, to suppose that there is any great accumulation of capital from the production of the past. There is indeed a constantly increasing fund of knowledge. But each individual has to make this his own by his own hard work. There is no other way.

Glad of your interruption. You are quite right in saying that the term "artificial instruments" does not in verbal strictness comprehend everything that Professor Rutley included in the term "capital." He included money, which is no more capital than a title deed is land, or the bill of sale for your horse is old Dolly herself. But I admit that we must use the term "artificial instruments of production" in a very broad sense to make it include all forms of what is distinctively capital. We must use it so as to include artificial materials as well as artificial tools. And we must not forget, either, that all these things—artificial instruments and materials and the natural ones too—get mixed up with organization, capitalistic organization, market opportunity, as you might call it, in most confusing fashion.

But in fact, Doctor, in any reasonable analysis, capital is identical with unfinished objects of consumption, and both artificial materials and artificial tools are such objects. We have already concluded that wheat, to the extent that it is used to make bread, is unfinished bread; and that flouring mills, to the extent that they produce flour afterwards made into bread, are also unfinished bread. There you have the whole matter, if not in a nutshell at any rate in a bread basket. All production is for consumption, and every artificial thing used in production is simply incomplete production.

These things, from first to last, are usually called commodities. This, I suppose, is because they are objects of trade. Trade consists essentially in the interchange of commodities. Don't you remember the groceries you bought of the grocery clerk away back at the beginning of these talks, and the food we have bought at Joseph's restaurant? All these were commodities. But they do not exhaust the list of commodities. Houses are commodities. So is the land they rest upon. Farm products, farm improvements, and farm land also are commodities. Mines are commodities—even when the titles are divided into stock certificates, they are still commodities. So are railroad cars and railroad rights of way. Air and sunlight are commodities when they can be bought and sold, as in the case of a room with a sunny exposure, or a location where the air is especially refreshing. Water under like circumstances of purchase and sale is also a commodity. If slavery prevailed, slaves would be commodities. This is enough to show that commodities are various in essential character. The only quality that is common to all commodities is exchangeableness and value.

Now, Doctor, isn't it obvious, in view of the variety of commodities, that classification is necessary for clearness. Wouldn't he be a mighty poor reasoner who allowed himself to reason, as if fundamentally, about such fundamentally different things as men, the planet, houses, groceries, cloth-ing and the like, without distinct classification? Have to put men in a different category from the planet? Of course he would. And groceries in a different category from either, wouldn't he? All of them are or may be commodities; that is true enough. But some commodities are natural objects, and others are artificial objects. This difference is vital. For artificial objects are human products; whereas natural objects are the ultimate sources and means of human production. The difference is as discrete as that between a spring of water and a pail of water from the spring, between a house and the source of its materials or the site upon which it stands, between a marble statue and a marble quarry.

These essential differences in commodities may be fairly and completely distinguished, I think, by assigning them to three classes: commodities that are final products, as the bread you have just brought home from the baker's in order to eat it at your table; commodities that are artificial instruments of production, as the flouring mill and the wheat it grinds and the flour it turns out; and natural instruments, as the field wherein the wheat is raised, the site on which the mill is erected, and the mineral deposits and the forest growths from which the material for the mill and its machinery are obtained. But as the artificial are produced from the natural by human labor, I repeat that in the last analysis we have only two social service factors, human energy and natural instruments; and two correlative categories in the distribution of products, the value of work and the value of planetary opportunities for work.

This is what I supposed we had virtually agreed to when we concluded at our last conversation that every instrument of social service in production belongs in one or the other of those two classes—natural instruments or artificial instruments. It is the latter of these two classes that I wish to talk about first. But it's getting late, Doctor, and we'll have to take up that subject when we meet again.

Before I go, however, let me ask you to jot down on that pad upon your desk a little diagram of these distinctions for you to think upon between now and our meeting again. Put down these words in a column to the left of the pad: "Workingmen," "Managers," "Business men," "Promoters," "Professional men." Yes, "Farmers," if you want to; but they are really already named, for a farmer is either a business man or a workingman or both—a farmer, I mean, who farms farms instead of farming farmers; for I have known mere land owners to call themselves farmers. Yes, add "Farmer"; it'll do no harm. Now what does your whole list mean, and what would it mean if you lengthened it out with every kind of industrial class you could think of—what would it mean except that you have here a lot of varieties of "Human Activity"? Very well; now draw a line to the right of your list and put "Human Activity" on the right hand side of it. Let's see your pad. Yes, that's it:

$$\left.\begin{array}{l}\textbf{Workingmen}\\ \textbf{Managers}\\ \textbf{Business Men}\\ \textbf{Promoters}\\ \textbf{Professional Men}\\ \textbf{Farmers}\end{array}\right\}\ \textbf{Human Activity.}$$

Very good. Now pull off that page and write on the left side of the next one: "Buildings," "Machinery," "Ships," "Railroad equipment," "Cloth," "Lumber," "Pig iron," "Steel rails." Oh, as many more items of that kind as you wish; but those are really enough, for no matter how long you make the list, you have still got nothing there but "Artificial Instruments of Production." So draw your line as before and put down the classifying words. That's right:

Buildings **Machinery** **Ships** **Railroad Equipment** **Cloth** **Lumber** **Pig Iron** **Steel Rails**	**Artificial Instruments of Production.**

Once again, Doctor. Take the next sheet and write such things as "Soil," "Building sites," "Water supply," "Oceans," "Railroad ways," "Sea-shores," "River banks," "Mineral deposits." Won't that be enough? They are all in the category of "Natural Instruments of Production," don't you see? Yes, add more if you want to, and let me see the result.

Soil **Building Sites** **Water Supply** **Oceans** **Railroad Ways** **River Banks** **Mineral Deposits** **Sunlight** **Air**	**Natural Instruments of Production.**

There, Doctor, you have in brief the essence of all our talk of today. Now sum it up yourself.

Human Activity **Artificial Instruments** **Natural Instruments**	**Produce Consumable Objects.**

That's all right enough. Human activity, utilizing Artificial Instruments in connection with Natural Instruments, produces Consumable Objects. That is what you understand, isn't it? But why leave Artificial Instruments there? They are necessary, of course, but to the processes of labor and not as a condition of labor.

No, indeed, I do not forget that they are monopolized. Not for one moment do I forget it. They are monopolized for a fact, and workingmen are put at an enormous disadvantage in consequence. So are business men, if they could but realize it. No, sirree; I am not forgetting the workingman's plight for lack of capital, nor the business man's troubles about capital. There are circumstances in which artificial instruments—"capital," "machinery," as our socialistic friend calls them; "capital," "money," "credit," "cash," as Slim Jim Pulsifer would say—there are circumstances in which these instruments of production become supremely important. And we are living in such circumstances today, Doctor.

This reminds me that I have here in my pocket a letter which puts that point very lucidly. The letter is from our friend Oliver R. Trowbridge, the author of "Bi-socialism," you know. Let me read a sentence from it. This is what Trowbridge writes: "While production is fundamentally a matter of human activity and natural instruments, yet when the latter is withdrawn or withheld from the former"—when land is monopolized, don't you see—"the secondary factors, or artificial instruments, are raised to a place of practically fundamental importance, inasmuch as they are made to do duty as a substantial substitute for natural instruments in the hands of all those who are dispossessed of the latter." That's all true, Doctor; and so is Trowbridge's additional comment: "This makes a monopoly of natural instruments all the greater an evil, since it tends directly and necessarily to create a corresponding monopoly in artificial instruments." And now listen to this acute diagnosis of the whole difficulty, which I read from the same letter you see: "The worship of the 'machine' by the workingman, and of 'cash' by the business man, is not really the result of nightmare, but of astigmatism; they simply fail to see things from the right angle. But they see what they see, all the same; and it is useless to try to convince them that they do not." To that also I say, amen. For I am not trying to convince you, Doctor, that capital is not of vital importance. Quite the contrary.

And so, when I ask you to alter the summing up of industrial forces, on your pad, by striking out the item of Artificial Instruments, and explain that they are not necessary as a condition of labor, I don't want you to ignore my further explanation that they are necessary to the processes of labor. I am not asking you to ignore the fact that monopoly of capital is a terrible weapon against workingmen. What I am asking you to do is to try to find out the reason why.

In order to find out why, we must make a final analysis of industrial conditions. And in a final analysis, wouldn't you strike out that item of Artificial Instruments? Wouldn't you—merely for the purposes of a final analysis, mind you; of making a good solid basis for future reasoning—wouldn't you for those purposes leave out that item as representing only a part of the process of Human Activity, instead of being one of its primary conditions? Since you would still have Human Activity and Natural Instruments, you would really have every needful condition of production. Aye, aye; that's the way to put it:

$$\left.\begin{array}{l}\textbf{Human Activity}\\ \textbf{Natural Instruments}\end{array}\right\}\ \begin{array}{c}\textbf{Produce Consumable}\\ \textbf{Objects.}\end{array}$$

Now you have the complete analysis, don't you see? Human Activity utilizing Natural Instruments produces all Consumable Objects, including the necessary Artificial Instruments.

You don't think you could analyze any farther, do you? Of course not. You are now at the point of last analysis. If you think you can upset that last diagram by leaving anything out, try it on against our meeting again. Take my word for it, however, you'll fail. But if you grasp the simple primary truth of that diagram, as a starting point, Doctor, we'll have smooth sailing the rest of our way.