CHAPTER 12 — THE GENESIS OF WEALTH

It is so all-important that we should know precisely and certainly just what the chief factor of political economy, wealth, is, so that we may hereafter be in no doubt whatever about it but may confidently reason from our knowledge of its nature, that I propose to reinforce all that has been said by showing just how wealth originates and what in essence it actually is.

Wealth is a result of human exertion. But all human exertion does not result in wealth. Not merely is there failure and misadventure in the application of effort to the production of wealth, but the production of wealth is not the only purpose of human effort. All human actions proceed from desire and have their aim and end in the satisfaction of desire. But if we consider those actions of man which aim at material satisfactions, we see that there is a distinction as to the way in which satisfaction is sought. In some the satisfaction sought is direct and immediate. In others it is indirect and delayed.

To put myself in imagination in the position of my most remote ancestor: I am moved by the desire we call hunger or appetite, or it is aroused in me by the sight of a tree laden with fruit. I pluck and eat the fruit, and I am satisfied. Or I feel the desire called thirst, and a stooping down to a spring, I drink, and am again satisfied. Action and satisfaction are in such cases confined to the same person, and the connection between them is direct and immediate. Or, my wife is with me. She feels the same desires; but is not tall enough to pluck the fruit and cannot as well climb a tree or so readily stoop to the spring. So, I pluck the fruit that she may eat, and hollowing my hands give her to drink.

These are the ways in which in nearly all cases the animals satisfy their desires. There is nothing in their actions which goes beyond the direct and immediate satisfaction of desire. The cow that
has browsed all day or the bird that has brought worms to her young has done nothing towards the satisfaction of desire that will recur tomorrow.

In such cases there is no suggestion of anything we would call wealth. And in a world where all human desires were satisfied in this direct and immediate way there would be no wealth, no matter how great the activities of man or how abundant the spontaneous offerings of nature for the satisfaction of his desires.

But man is a reasoning being, who looks beyond the immediate promptings of desire, and who adapts means to ends. An animal would merely eat of the fruit or drink of the spring to the full satisfaction of present desire. But the man might, after satisfying his immediate desire, carry off with him some of the fruit to ensure a like satisfaction on the morrow, or with a still longer prevision plant its kernel with a view to satisfaction in future years. Or with a view to the future satisfaction of thirst, he might enlarge the spring or scoop out a vessel in which to carry water, or dig a channel or construct a pipe. In such cases action would be spent not in the direct and immediate satisfaction of desire, but in the doing of what might indirectly and in the future aid in satisfying desire.

The essential character of wealth is that of the embodiment or storage in material form of action aiming at the satisfaction of desire, so that this action obtains a certain permanence — a capability of remaining for a time as at a stopping-place, whence it may be taken, either to yield satisfaction to desire, or to be carried forward towards the satisfaction of desire requiring yet more effort.

Thus, for the satisfaction of desire by the eating of bread, effort must first be expended to grow the grain; then to harvest it; and then to grind it into flour; then to bake the flour into bread. At each of these stages there is an increment of wealth: that is to say, some part of the effort required to reach the point of yielding the final satisfac-
tion has been accomplished, and is tied or stored in concrete form, so that what has been gained towards the final result may be utilized in the remaining stages of the process. Grain is an article of wealth expressing the effort necessary in growing and harvesting, in such form that it may be from thence carried forward to the satisfaction of desire, either by feeding it to domestic animals, converting it into starch or alcohol etc., or by turning it into flour and making bread. Flour again is an article of wealth embodying the effort necessary to the production of grain and the further effort required in grinding; and bread an article of wealth embodying that and the additional effort required in baking, in a form in which consumption will give the satisfaction to desire of which bread is capable.

The idea of wealth cannot be reduced to that of satisfaction, since even when the intent and the result of the effort is a satisfaction of the desire on the part of the expender of the effort, there is necessarily an intermediate step, in which the expended effort pauses or is stored up for an interval in concrete form, and whence it may be released not merely to satisfy the desire of the expender of the effort, but that of another as well. If I pluck fruit today for the satisfaction of tomorrow's appetite, the satisfaction I then obtained when eating it would not be to me the direct result of an effort, but would yield me satisfaction as a result of a service — a service of which I myself would be the direct beneficiary, but still no less truly a service than it would be in the case of my wife were she the recipient of the satisfaction.

Thus if we wish to bring the idea of wealth into a larger generalization, the term of widest inclusiveness that we could select would be a word which would express the idea of service without limitation as to mode. The essential idea of wealth is really that of service embodied in material form, and all our enjoying of wealth, or exchanging of wealth, or giving of wealth, or updating of wealth, is
really at bottom the adjoining or exchanging or giving or updating of service, a word which involves the possibility of distinction in person between the exerter of effort and the recipient of the final satisfaction, which is its aim.

In the first and simplest form of service, that in which the recipient gets directly the satisfaction brought about by the action (and to which for the sake of distinction the term service should be reserved), though it is capable of being given, received and exchanged, is so capable only within very narrow limits, since the action is spent in such direct service and is over and done, whereas in action resulting in wealth the action is not spent, but is stored in intermediate and material form, to be spent in gratification when required. In direct service the power of human action to satisfy human desire is like the exertion of the power of electricity in the lightning-flash. But in indirect service, through the medium of wealth, the action remains unused for a time in readily exchangeable form, whence it may be called forth for use, as the power of electricity remains in transportable and exchangeable form in the storage battery.

I may black your boots with the understanding that you shall in return shave my face, or gratify you by telling a story on condition that you shall gratify me by singing a song, and the possibilities of such exchange may be somewhat widened by the understanding that though I black your boots or tell you the story today, you may give me the shave or sing the song at a future time, and do this either for me or for anyone whom I may present to receive in my place the promised service. But manifestly the exchange of services that may take place in that way is as nothing compared with the exchange that becomes possible when service is embodied in concrete form and wealth and may be passed from hand to hand and used at will in the satisfaction of desire.
By this transmutation of labor into wealth the exchange even of such services as cannot be transmuted into wealth, since they must be rendered directly to the person, is much facilitated. I desire, for instance, such service from another as the carrying of a bag or message, or the conveyance of myself and my luggage from one place to another by cab or train. There is no equivalent service on my part desired by those whose services I wish, but by the intervention of wealth the satisfaction of desire on both sides becomes possible, and the exchange is completed there and then; those from whom I obtain the service receiving from me some article of wealth or representative of wealth which they can in turn exchange either for wealth or for direct services from others. It is thus, and only thus, that the great body of exchanges of direct services that take place in civilization becomes possible. Indeed, without wealth it is difficult to see how men could avail themselves of one another’s powers to a much greater extent than do the animals; for that some animals exchange services, whoever has watched monkeys reciprocally ridding each other of fleas must have realized.

The essential idea of wealth being that of exertion impressed on matter, or the power of rendering services stored in concrete form, to talk of immaterial wealth, as some professed economists now talk, is as much a contradiction in terms as it would be to talk of square circles or triangular squares. Nothing can really be an object of wealth that is not tangible to the senses. Nor in the strictest sense of the term, can wealth include any natural substance, or form, or power, unmodified by man’s exertion, nor any human power or capacity of exertion. To talk of natural wealth, or to talk of human skill, knowledge or energy as included in wealth is also a contradiction in terms.