

OUR
ECONOMIC
LIFE
BY
CARPENTER AND ADAMS



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Economics



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HOW ABOUT OUR DUTY AT HOME?

OUR ECONOMIC LIFE

A GENERAL SOCIAL SCIENCE

By

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CHICAGO

ATLANTA

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SAN FRANCISCO

TORONTO

DALLAS

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INTRODUCTION

Throughout the centuries man has been progressing—more and more rapidly since the time of the Industrial Revolution. Large-scale production has given us powerful slaves in the form of machinery, but has made us almost completely dependent upon the machine, our life work and our means of enjoyment alike conditioned by its use. Division of labor has been the natural consequence of the establishment of the machine era, and as such division has grown more and more minute our dependence upon one another has become correspondingly greater. There are certain laws and forces continually at work in this complex life of ours, and many of us do not realize that they even exist.

An American banker has said that the American people are “economic illiterates”—that we do not know the ABC’s of the business world in which we live. Social problems resulting from our more complex lives are growing up more rapidly than we are able to solve them, while the corruption so often found in politics bears mute testimony to our ignorance of, or indifference to, those underlying political principles upon which all good government must be based.

This book does not pretend to give a complete exposition of the economic, sociological, and political principles underlying our group life. But it does try to give a basis upon which the boys and girls may build a better understanding of such sciences from their own activities and from the information which they glean from books, magazines, and newspapers. Furthermore, it attempts to give them some standards by which they may evaluate the everyday occurrences of their everyday lives, and some appreciation of their share in the preservation and development of the group life.

In choosing cartoons as the illustrations for this book, the authors were influenced by the tremendous influence that the cartoon wields in our social and economic life, and by the fact that so many of us form our opinions on many vital subjects from the quickly grasped lesson of the cartoon. But we must remember that the cartoon is an expression of the personal opinion of the artist or of the publication that employs him. Like the editorial, it should never be accepted uncritically; it should make us think, but we should weigh its message. The authors acknowledge with much appreciation the painstaking coöperation of Mr. Victor Guinness and Mr. Jack Gallagher, who made the original cartoons, and the personal interest and help of *Collier's*, *The Saturday Evening Post*, Mr. Herbert Johnson, Mr. J. N. Darling, Mr. F. B. Opper, Mr. John Cassel, and the many periodicals and cartoonists who have permitted them to show here these typical American cartoons.

The authors wish to acknowledge above all their indebtedness to Dr. J. Lynn Barnard, of Ursinus College. It was at Dr. Barnard's suggestion that the authors undertook the work. Moreover, throughout the six years during which *OUR ECONOMIC LIFE* has been in process of writing, Dr. Barnard has given generously of his time, his interest, and his wide knowledge to make the book valuable, and if the book proves valuable, much of the credit should go to him.

The authors further wish to express their appreciation of the assistance of numerous friends, former students, and colleagues—especially Miss Beatrice Peck and Mrs. Barbara Dennisson, of the West Philadelphia High School, and for permission to use quotations and to reproduce drawings given by Mr. R. B. Wilson, of Babson Institute, Dr. James P. Lichtenberger, of the University of Pennsylvania, Mr. Kenneth L. M. Pray, of the Philadelphia School for Social Service and Health Work, The Cambridge Associates, Mr. Earl Manning, and Miss Edith I. Wolff.

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OUR ECONOMIC LIFE

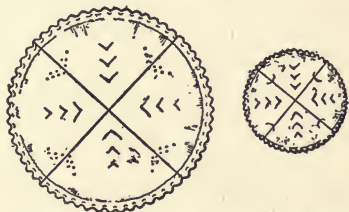
A FOREWORD TO BOYS AND GIRLS

Too often we are ready to measure our success and happiness by the things which we get, and to make the getting of something for nothing the goal of our desire. We sometimes fail to see that there is a connection between giving and getting. None of us likes to have anything to do with a person who is always "getting the better of the other fellow," and who has changed the Golden Rule to "Do others or they will do you."

Such a person may for a time appear to be succeeding, but he nearly always overreaches himself and in the end is not so well off as he would have been if he had always tried to treat other people squarely.

We can share only in what has been produced. It goes without saying, that the more there is produced the more there will be for us to share.

If we shrink from our part in production there will be just so much less to be divided, and we should not be surprised if other people object to our taking out more than we put in. Whenever they can, they will try to hinder us in our getting, and some of the energy which would otherwise be spent in production will have to be expended in keeping us from getting more than our share. Thus the world has lost in two ways. If we



FROM WHICH PIE WOULD YOU PREFER A CUT?

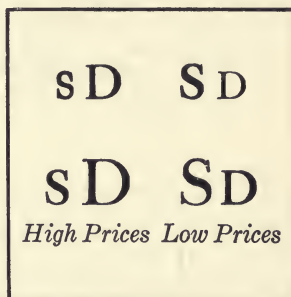
A fundamental economic principle is: the more there is, the more there is to share.

want to get more things produced in order that there may be more to share, everyone must produce more. One way to get everyone to produce as much as possible is for everyone to be willing to pay for value received.

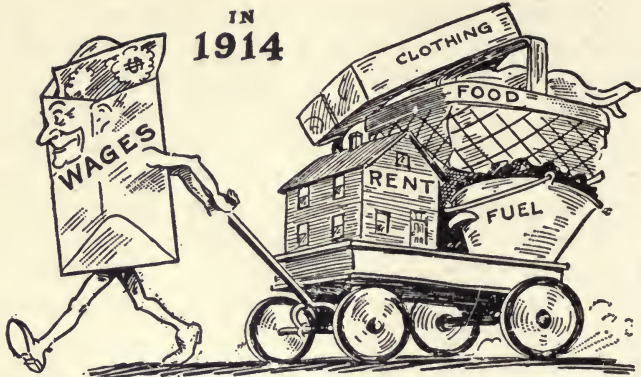
The balance between giving and getting is not confined to this phase of our existence. In school the boy or girl who is chosen as leader in the various activities is not apt to be the one who is always eager to "show off," who wants to be the center of attention and tell everybody else just how everything should be done. It is more likely to be a person who pays some attention to other people, and who does not antagonize others by a constant endeavor to get things for himself. The "show-off" sometimes may be the best worker, the most efficient planner, or the best organizer; but these things are not taken into consideration when the other boys and girls feel that he wants everything for himself. In our relations with others, whether in the home, in the school, or in the larger communities known as city, township, state, or nation, justice requires that we get out of life no more than we put into it; that our getting must be in proportion to our giving.

Yet being willing to do our share is not enough. We have all seen glaring examples of the person who "meant well," but who through ignorance made matters worse than they were before he took a hand in them. We all want to help make the world a better place in which to live both for ourselves and for others. And the first requirement for service is understanding. There are too many people like the old lady who was told that a certain thing could not be done because there was an "economic law" which prevented it. "All right," she responded quickly, "just have the law repealed!" In her ignorance she did not recognize that the unchanging laws of economics, like the laws of nature, are not made by man and cannot be changed by man, though they may be, like the laws of nature, adapted to his needs.

We must find out about these principles and laws which are all around us, and which influence our lives whether or not we take the trouble to find out what they really mean to us. We know, for example, that strawberries are expensive in February and comparatively cheap in June. We know that we can buy a last year's suit or dress more cheaply than one made in this year's style. We know that money wages were high during the World War, but tended to drop almost as soon as the war was ended. Yet few have stopped to consider that there is an economic law which has much to do with the prices of these things. It is known as the law of supply and demand, and is probably the most fundamental law in the business world. When there is a small supply of anything, and a relatively large demand, the price is high. When the supply is large, and the demand small, the price is low. Strawberries are expensive in February because there are fewer of them, and those who want strawberries must be willing to pay well for them. Last year's clothing is cheap because no one would buy old style clothing at the same price as new style, and in order to dispose of it the merchant must mark it down, often far below cost. Wages were high during the war because workers were scarce and high wages had to be paid in order to get them. When there were more men than jobs, wages went down, or would have done so if the restriction of immigration had not tended to make laborers scarce. Rents rose for a time because the cost of building prevented many people from having houses built, and when there are not as many houses as there are people who



High or low prices depend upon the *relation* of the supply to the demand. If there is a 1,000-bushel supply of wheat and a 2,000-bushel demand the price will be the same as if there were a 1,000,000-bushel supply and a 2,000,000-bushel demand.



Drawn by Baer

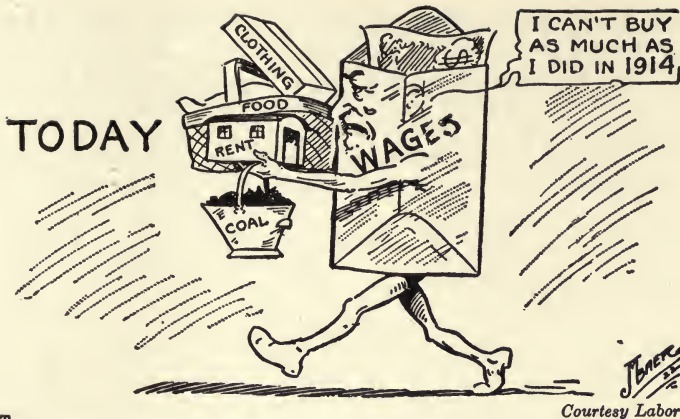
WAGES LARGER,

It is the relation of income to costs, not

want them, rents go up. All these conditions are due, at least in part, to this same great law; and we need to know what we mean by "supply" and by "demand" in order that we may recognize the workings of this law when we come in contact with it.

There are two factors which enter into demand. The first factor is desire. If a person does not even want a football, a book, or a tennis racket, there can be no demand so far as that person is concerned. But even if he does want all of them, but has not the money to pay for them, his desire for the articles does not create a demand for them. The second factor, therefore, is ability to buy. Desire and ability to buy create demand.

In the same way, supply is made up of possession and the willingness to sell. For example, we might be willing to sell a diamond necklace, but if we did not possess one, it could hardly be called supply. Or, on the other hand, we might possess a grandfather's clock which had been in the family for generations. If we were unwilling to sell it at any price we could not consider it as supply, notwithstanding the fact that we could sell it if we wanted to.



BUT—
the actual income, that means plenty or want.

Perhaps the most important application of the law of supply and demand, and one not always clearly recognized by those who are affected by it, is its application to wages. Even if a man receives forty per cent more wages than he did before the war, we should not be too sure that he is better off as a result. The cost of living has risen very much, and while he has more money he may not be able to buy as much as he did before his wages were raised. We call wages in terms of money *nominal* wages; in terms of purchasing power we call them *real* wages. And, after all, what we are concerned with is not how much actual cash we have the opportunity to handle, but what we get in return for it when we desire to spend it. So we must always be sure that we measure the financial return we receive in terms of what really makes the difference to us—its real, not its nominal, value.

Perhaps you are wondering why it is necessary for us to know these laws and terms, and a great many others as well. Your grandfather and grandmother, and even your father and mother, seemed to get along very well without any knowledge of them. But we are living in an age which

is more complex than the one in which they were brought up, and we cannot make the best of the conditions under which we live unless we know the principles which underlie the making of our living. And those of us who want to make the best of ourselves will come to realize, if we do not already, that we cannot come to full growth in our living with other people until such ideas as the law of supply and demand are understood to become a part of our thinking and planning.

FOREWORD

I. QUESTIONS

1. What would be the effect on you if three-quarters of the people in the world stopped producing?

2. Which country has the better chance of growing great, a country where most of the people produce, or one where production is confined to a part of the population? What connection do you think there is between this principle and America's prosperity as compared with other countries?

3. Give examples—which you yourself have seen—of people who have failed to get what they wanted for themselves because they were unwilling to consider other people.

4. Why do we dislike the person who is always trying to get more than he gives? Is it possible for both parties to profit by a transaction? Explain.

5. Give a list of half a dozen big questions in the world today which you think you would need to study carefully before you could form any opinion as to what was best to be done.

6. Why do some well-intentioned people give a good deal of trouble? Have you ever known any of that sort?

7. State the law of supply and demand. Can we change it? Can we take advantage of it? Explain.

8. Give five examples of the law of supply and demand. See if you can find any such examples in the newspapers.

9. Formerly when too many banana ships arrived at a port at the same time, great bunches of the fruit were thrown overboard. Why?

10. Complete: Demand = ? + ? Supply = ? + ?

11. Suppose all the good orange land in the United States were immediately put into orange groves. How would this affect the industry?

12. Name five articles for which there would be no demand because people would not want them; five articles for which there might be no demand because people would not be able to buy them.

13. Name five articles of which there might be no supply because people would not possess them; five articles of which there might be no supply because people would not be willing to sell them.

14. Which makes more difference to us, real or nominal wages? Explain.

15. "Wages are simply the counters with which the real things of life are purchased." Explain.

16. If Real wages = $\frac{\text{Nominal wages}}{\text{Cost of living}}$, would a man's real wages be raised or lowered if his salary were advanced from \$2,000 to \$3,000 while the cost of living went up 67%? If his salary went from \$1,500 to \$2,000 while the cost of living advanced 25%?

17. Which would receive the higher real wages, a girl getting \$25 a week and working near home, or a girl getting \$28 a week who had to pay for both carfare and lunches?

18. What would be the probable effect on immigration if the prospective immigrant understood the difference between real and nominal wages?

19. Name ten things which we have today which your mother and father did not have.

20. Name ten things which your mother and father had but which your grandparents did not have.

21. Why will a person who understands the economic conditions under which he lives be better fitted to make a living than one who does not understand them?

22. Look up in the glossary the definition of "index numbers." Have you ever seen any references to them in articles dealing with the cost of living?

23. How will my understanding of these fundamental principles help to improve the condition of the world?

24. What will be the result if I understand these principles but use them solely for my own advantage without regard to the rights of others?

II. HANDIWORK

Start a clipping book. See how many clippings you can find which either mention or illustrate the terms which have been defined in this chapter. In each case you should show the name of the paper or magazine, the date, the definition of the term, and give an explanation making clear the connection between the term and your clipping.

CHAPTER I

THE AGENCIES OF PRODUCTION

The world in which our early ancestor lived. Once upon a time Your-Ancestor-and-Mine with a number of his prehistoric friends sat by the side of a lake and fished. The world about him was not so vastly different from the world as we should see it if there were no towns or cities. But our ancestor did not look upon nature as we look upon it. He saw wide-reaching forests, greater in extent than we can dream of; but he did not see them in terms of tables and chairs and houses. He saw fertile soil; but he did not know that it was fertile, nor did he realize that by planting crops he could procure the means of subsistence. He had a vague idea that the few berries and grains which he or his family gathered for their food had just "happened."

He knew the seasons—his bodily comfort or discomfort let him know whether it was hot or cold—but he did not realize what part the seasons played in the growing of plants. He saw the waterfalls; but he saw in them only terrifying beauty which might mean an unkind deity. He never dreamed that they could be harnessed in his service. He felt the force of the wind; but he never thought of using it even to fill a primitive sail and blow a primitive boat down one of the prehistoric streams. He knew fire; but he knew it as a visitation from heaven in the flash of the thunderbolt and the blaze of the lightning-struck tree. He may have felt the comfort of being warmed by a burning log, but he did not know how to make fire when he wanted it, or realize that it could cook his food, keep the prowling animals at a safe distance, and reduce the ore-filled rocks

to the metals which he might shape to suit himself. Rocks to him were only stones, their value measured by their effectiveness as a means of defense and by the extent to which they might be satisfactorily chipped into rude implements. The use of rocks as the building material of houses, or as the bearers of ore, were things which he could not even imagine. The "land" (in economics that is the name we give to all the useful things which nature has provided) lay before him, but man was hardly ready to begin to use it.

Our ancestor's superiority to the lower animals. And yet, in comparison with all that had come before him, he was a marvelous creature. He stood upright, so that he could see much that the lower animals might not behold. He had two hands free for other purposes than walking.

He had a thumb which was more than a fifth finger, a thumb which he could move in such a way as to be able to grasp things. He had better organs of speech than any other creature has, and he had in him the impulse to reason things out—rude and undeveloped, of course, but still a part of his heritage. All that he did for himself (which was exceedingly little, as we moderns view it) was done by sheer brute force until he had learned that he could do these things more easily by certain simple means at his disposal.



Drawn by Guinness

MAN SUPREME

Comparatively weak himself, man was able to overcome and utilize the more powerful animals by use of his superior brain.

His food at first had to be caught or gathered by his own hands, and if he had clothing it was fashioned from the skins of beasts or from such coarse fibers as he could collect. Even when he had learned to use stones as weapons and as implements, he still must perform an enormous amount of labor before he could obtain the few things which were necessary to his existence. For even the first man had discovered that without labor he could obtain nothing. Nature had provided merely the raw materials. They were rarely in the form in which he could use them, and it was his part to transform them by his own efforts.

Economizing labor. As time went on and his understanding developed more fully, he came to help out his hands and his muscles by what we today would call labor-saving devices. He found out that he could move a stone more readily by the use of a stick which he thrust under it; he discovered the principle of the lever. He knew that he could pry up a stone by putting a rude wedge under it; and he made the forerunner of the inclined plane and the screw. He found that by taming the animals he could use their muscles instead of his own. He discovered that he could harness the wind and the water to do his bidding. It was a far cry from these early sources of power to the steam, the gasoline, the dynamite, and the electricity which do so much of our work today. But man had discovered the fundamental idea that unaided labor is not the most efficient way to produce; and the development of the various means of economizing labor was merely a question of time.

Creation of the first capital. One day, as we have said, Your-Ancestor-and-Mine and a number of other prehistoric men sat by the side of a lake and fished. Fish were about all they had to eat, and when the fishing was poor the tribe went hungry. Even when they were fairly successful it took almost all their time to catch enough to satisfy their hunger and that of the prehistoric women and children, even with the wild berries which the prehistoric women

had gathered. What made it all the harder was the fact that they could see plenty of fish leaping about in the middle of the lake—if they could only get to that point they could easily get all the fish they wanted, for they had developed great skill in catching fish where there were any fish to catch. But they could not walk on the water, and there seemed to be no other way of reaching the desired spot.

Finally Your-Ancestor-and-Mine thought of a brilliant scheme. We know it must have been our ancestor because he had more brains than anyone else in the tribe. (He must have had, or he could not have survived, since he owed to his brains his better chance to win out in the struggle for existence. Those who did not use their heads during those hard times could not long survive or leave descendants. Since they left no descendants they could not possibly have been our ancestors.) He saw several fallen trees floating at the edge of the lake, and he felt sure that if he could only tie them together he could push this raft out into the lake and get the fish he wanted. He would have to tie the trees together, because no one of them was large enough to bear his weight alone. So he started to build the raft. But it took a long time, and when he was building a raft he could not be catching any fish; and he became very hungry. All the rest of the tribe kept telling him how foolish he was; that his raft would not float; or if it did, it would probably frighten away all the fish before he could catch them. What was worse, Mrs. Ancestor and the children were as hungry as he was, and told him so in no uncertain terms, but he kept right on working, and tried to forget how very hungry he had become.

Finally his raft was finished. It was not a very beautiful looking craft, but as he stood upon it and pushed out from the shore he felt that it was the most beautiful thing that had ever been made, and he forgot all about being hungry. The best part of it was that the fish were not frightened at all by it, because they had never been harmed by the

occasional log which had floated past them, and as a result he caught more fish in an hour than he was accustomed to catch in a day. And he was very happy. So were his wife and children, while all the tribe looked at him as though he had been a worker of magic.

From that time on, fishing was not such a difficult task. He did not have to work so long to get fish enough to satisfy the family hunger, and so he had more spare time than he had ever had in his life.

Payment for labor. One day another member of the tribe approached our ancestor (or it may have been his son or his grandson) and suggested that he make a raft for him. The other tribesman may have promised to provide our ancestor, his wife, and the children with all the food they could eat—which was a very great deal whenever it was possible to get it. So our ancestor, who may have liked the change of work as well as the prominence it gave him in the eyes of his fellows, settled down to work—for “wages,” although he had not the remotest idea that he was the first to start the wage system.

Going into business for himself. After a while he finished the raft, and, for all we know, was approached by another member of the tribe, who asked him to make another raft upon the same terms. Our ancestor consented; but when upon the completion of this third raft he was requested to make a fourth, he may have begun to wonder if he were really doing as much for himself as he had thought. By the use of his own raft he could get enough fish in a morning's work to provide for the needs of his family, and then he had the whole afternoon to spend in luxurious laziness. When he was making rafts for others he had to spend the entire day at hard work. So perhaps he decided to go into business for himself. On days when the fish were slow to bite he would devote himself to his raft, until at last it was a finished thing, his own to bargain with as he saw fit.

some time later, one of his sons (or grandsons or great-grandsons) would catch a young animal and decide to take it home to give to his children as a pet; and that they would be so pleased with it that at other times he would bring home other animals until he had quite a little flock of them, which would multiply until there was quite a large flock. Our ancestor could not guess that sometime they would cease to be pets, and would serve as food when the family was hungry, affording a permanent fund of wealth much to be preferred to the uncertain results of the chase. And no stretch of the imagination would have made it possible for him to know that wealth would some day be measured in terms of the number of "head" of cattle which a man possessed; that the Latin word for "head" (*caput*) would finally give its name to any sort of durable wealth; that any product of past industry which was to be used for further production would be known as capital. All our ancestor could realize at the time was that the raft made it possible to acquire more fish with less expenditure of energy, and that the energy which he saved might be turned into more profitable channels.

Step by step our ancestors developed other tools. They discovered that digging was a much simpler process if it was done with an implement which was broad at the end and could lift out more of the dirt. So they made a spade. They discovered that metal tools were more desirable than those of stone; the metal could be fashioned into peculiar shapes while the stone could not be, and could stand a greater strain without breaking. So they made picks, and chisels, and many other implements which we know today.

Machinery in place of men in production. Someone conceived the idea that nature could provide the power to make the tool more useful, and that this would multiply productive energy far more than the use of the tool had done. The windmill, the water wheel, and finally steam

and electric power came into use. The machine had replaced the tool. Man was no longer the driving force or even the director of its motion. The machine seemed to have become the principal agent, with man forced to a subordinate place. His part in production was shifting from the use of his muscles to the use of his brain. He was to be the planner, hereafter, rather than the doer of muscular work.

Where machinery can be used, it has certain advantages over the use of human muscles. It is, in some ways, more reliable and efficient. Its hand does not slip; it does not run the chance of having to sneeze at an inconvenient moment; it never feels the necessity of powdering its nose or brushing back a stray lock of hair; it is not liable to fatigue or inattention. Twelve or fourteen hours of work a day do not sap its vitality. It never goes to dances at night, staying so late that it comes to work weary-eyed in the morning. It never becomes inattentive to its work because it sees some particular person across the room, or wants to listen to some interesting bit of gossip. It is regular and uniform in everything it does; and while it may be less interesting than a human individual, of whose course of action we can never be quite sure, it is far more reliable and far more productive. But, of course, it cannot think.

Man still the superior of the machine. Yet machinery has not completely driven labor from the productive field. The machine may automatically stamp out steel dies by the million; but it could not think out the idea of the steel die in the first place. It cannot provide for the manufacture of the machine or install it. It cannot repair it, or replace worn-out parts. It can look after any routine work, even combinations of routine which the human mind would find it hard to follow, but once the beaten track has been laid out for it, it cannot leave it. A human being might determine that a course of action which had

been decided upon would be unwise, and could abandon it. Human inventiveness might conceive of a shorter or more efficient method of performing its duties. But the machine possesses neither judgment nor inventiveness. It may supplement labor; it may multiply its productive power a thousand times; but it cannot take the place of it.

Learning shorter ways of doing things. When Your-Ancessor-and-Mine started his work, he had searched the near-by forests for trees which would be suitable for his work. Some of them he had had to drag for yards through tangled thickets and dense underbrush; and he had made a huge pile of the slender trunks which he was to bind together for his raft. He learned that it was easier to burn down, later to chop down, with stone axes, those trees which stood near the water than to drag others such long distances. As he became more skilled in his work, he found out that he had wasted much unnecessary time and effort at first in doing things the hardest way, and he began to think out methods of making his work easier and more efficient. He was learning to conserve energy and to get as great a return as possible for the expenditure of energy.

Learning to balance the factors of production. He found out that little changes could be made in his rude tools which would enable him to do his work more easily, though he occasionally found that some tool which he had painstakingly chipped into shape was not worth the labor he had spent on it; that another tool which he already possessed could have been used just as effectively. He had learned to consider the amount of capital which should be used with a given amount of raw material. He had begun to balance the factors of production.

If he became an employer of labor, he must have found that his task became more and more difficult. He would have to see that the raw materials were at hand when the workers needed them, in order that valuable time might not be lost; that the fish which represented their wages

were ready whenever they were required; that there were tools enough for all, and that they were kept in good condition. He would have to see that the tribesmen worked—which they probably did not whenever his back was turned. (Some of us today who are a long way from being prehistoric cannot be trusted to do much better.) And our ancestor awoke to the realization, just as many of our more recent managers have done, that he had given up hard physical labor for even more strenuous mental work.

And yet he liked it. There was something fascinating about seeing whether he could look after all these things at the same time. Of course he could not all the time. He grew tired of keeping his mind upon so many things. But it did not make so very much difference—then. All that Nature had to offer was his in return for a certain amount of work. He did not have to be afraid that his competitors would take advantage of any slackening in his production to crowd his product out of the market. Even the tools which he tried out and had to discard did not represent an enormous expenditure; and the fact that the tribesmen who were working for him did not continue at their labor all the time did not disturb him. He was not used to people who worked continuously. Most men of his acquaintance worked only when they were forced to it by the pangs of hunger or by the desire for greater warmth and protection.

Increase in difficulty in balancing the factors of production. As time went on, and the number of people in existence increased greatly, the problem of producing enough goods became correspondingly greater, "land" began to be scarce, not because there was less of it but because there were more who needed it. Then the man who was to balance all the factors of production had to be more careful in his use of it. Sometimes he was faced with a shortage of labor or with too scanty a supply of capital goods. He had to figure which one of the three was the hardest to

procure, and balance the others with that; just as today a small farmer in the South uses his mule to measure by, and gets a piece of land which is just the right size for the mule power which he controls. For management, the fourth

factor in production, must be able to make the proper balance between the other three—land, labor, and capital.

Long ages afterward, when it was discovered that steam could be used to push a piston and that this could be made to turn wheels, there came what we now call the Industrial Revolution of the eighteenth century. By the time the methods which had been brought into existence by the Industrial Revolution had become firmly established, and machine production had taken the place of hand labor, the problem of management had become an exceedingly



Drawn by Guinness

THE JUGGLER

The business executive has the job of juggling a dozen different factors, the slightest failure of any one of which may cause disaster.

difficult one. An efficient manager must have at his fingers' ends a complete understanding of the raw materials, the markets, the transportation facilities, and the labor conditions which enter into the manufacture of his goods. Not

only that. In addition he must know exactly what his competitors in the same line are doing, and he must keep pace with the countless inventions which almost daily change the methods of manufacturing.

It is only recently that people have commenced to realize the importance of management, and have begun to study it scientifically. But today there are magazines which are devoted to it. Colleges and universities are opening courses which deal with it. More and more, management is being placed in the hands of men who have been especially trained for it. For "land" (natural resources) is limited; the number who must be fed, housed, and clothed is continually increasing; the standard of living (those things which we feel we cannot do without) is constantly being raised. And it is upon those men and women who have undertaken the balancing of the factors of production that we must depend for a continuance of our well-being.

THE AGENCIES OF PRODUCTION

1. How did the world which surrounded primitive man differ from the world which surrounds us today?

2. What were some of the things which prehistoric man knew? How did his knowledge differ from our knowledge of the same things today?

3. What would happen to you if you had to live for a week on what you produce yourself?

4. If you should start tomorrow morning to collect personally the food which you generally find on the breakfast table, how long would it be before you could sit down to breakfast?

5. What advantage did prehistoric man have over the lower animals? What further advantages do modern men have?

6. If the Cro-Magnon man who lived twenty-five thousand years ago had a brain capacity as large as that of the average man today, how do you account for the fact that the civilization of that time was less highly developed than our own?

7. How did prehistoric man make a living? What scientific principles did he discover? How did his use of them differ from ours?

8. Name some of the most recently invented machines for performing labor. How do they differ from primitive tools?

9. Which receives the higher pay today, brain work or muscle work? Is it a good thing or a bad thing for the world that this is so?

10. If it should become more difficult to get men to perform necessary muscle work than to get men to perform brain work, what would be their relative rates of pay? Of what law would this be an example?

11. What is capital? In what ways is it an advantage to society?

12. What advantage does a machine have over a human being? Could we ever expect machines entirely to take the place of human beings?

13. Which would be likely to come out victorious in a wrestling match, your prehistoric ancestor or a modern man? Would the result be different if it were a case of matching wits?

14. What is the difference between a machine and a tool? Which requires the more skill in its use? Which is more efficient?

15. Why is a sense of responsibility more necessary today than it was in prehistoric times?

16. Name the four factors of production, and state the part each must play.

17. "Capital is canned labor." Explain.

Continue the clipping book, adding clippings on the four factors of production.

CHAPTER II

HOW THE PRESENT-DAY ORGANIZATION GOT STARTED

Necessity for adaptation. From the earliest beginnings of life to the present time, every creature has had to adapt himself to the conditions in which he found himself. If he failed, he died and left no progeny, or young. Some species have ceased to exist for that reason. If he succeeded, he lived and left progeny, which generally resembled their parents, so that the qualities that enabled the parents to live became permanent marks of the surviving species. The law is *adapt or die*—the law of life, from which there is no escape. The result of this is that only those species are alive today that were able to adapt themselves to the conditions around them.

Natural selection and heredity. The process known as natural selection has killed off all those who were unable to adapt themselves. By heredity, the passing on of characteristics or traits from parents to offspring, the characteristics most helpful for survival were handed on from generation to generation. The polar bear obtained his white color, since a darker coat would have made him more easily seen; the giraffe obtained his long neck, the mouse his quickness, the serpent his fangs. Why? Because only the fittest—that is, those best adapted to their surroundings—were able to survive in the struggle for existence.

Passive versus active adaptation. The most successful adapter of all was our ancestor, man. Other creatures had only one method of adaptation; they had to be themselves modified to fit into their conditions. If the climate was cold, they had to develop fur, feathers, blubber, the

ability to consume large quantities of heat-producing food, or something of that kind. Man learned to change his surroundings. If the weather was too cold, he could build fires, erect shelters, and make clothes for himself. If other creatures needed to travel swiftly they had to develop the power to run, swim, or fly swiftly. Man could tame horses, and still later build bicycles, automobiles, railroads, steamships, and airplanes. In these and a thousand other ways man learned to control his surroundings. The method of adaptation followed



Drawn by Guinness

ACTIVE AND PASSIVE ADAPTATION

by other creatures, that of being made by nature to fit their surroundings, is called *passive adaptation*. That followed by man is called *active adaptation*.

To be sure, in the early centuries of his development, the greater part of man's adaptation to his surroundings was passive, as had been that of the animals. But even in those days he had the glimmerings of an intellect, which set him apart from the beasts and fowls and gave him a

chance to determine for himself whether he should survive or perish. He had not been created with a skin which could protect him adequately from the elements, but he could procure for himself the skin of some animal which had been more fortunately provided, and wear that skin or discard it at will. His teeth and nails and his strength were not as great as those of the predatory beasts which sought his life; but he fashioned rude weapons which made him more than a match for them. He had begun to learn that by taking thought, by actively adapting himself to the conditions in which he was placed, he could evade the workings of the law which said that those who were not by birth suited to their surroundings must die.

Man as a hunter and fisher. He set to work to hold for himself and those who followed after him the ascendancy which he had gained. He spent part of his time in catching fish, in killing animals, in curing the meat which he obtained from them, in preparing the hides for clothing and tents. And he spent some of his time in fighting. He must fight the animals which prowled around in search of some delicious smelling human meat; and he must help protect the tribal hunting grounds against other tribes. By this time he had learned that man as an individual, or even as a member of a family, stood little chance of survival as compared to man as a member of a tribal community.

He had to be courageous, for a coward was easily overcome and killed. He had to be agile, for slowness of motion was likely to mean death. He must possess keenness of all the senses: keenness of hearing, to be able to detect the faintest rustle in the bushes that would tell of lurking danger or the presence of the coveted game; keenness of smell, that he might scent the presence of wild animals or of other men in time to withdraw himself from those he feared, or to pursue successfully those of which he was in search; keenness of vision, that he might see clearly and at a great distance when the wind was in the wrong quarter

and he could catch no scent. It was a wild, free life which he lived, but an uncertain one, for he could never tell when death would overtake him at the hands of his human enemies, or at the teeth and claws of the ravenous beasts of prey.

As the group learned to live together more of them managed to keep alive. The group proved to be better able to protect its members than the individuals had been to protect themselves. The tribal hunters could together slay animals which no one of them by himself would have dared to approach. The tribe flourished. But this very circumstance had its attendant disadvantages. There were more mouths to fill. Success in hunting had resulted in killing off much of the game and in frightening away still more of it. And prehistoric man awoke to the realization that a failure to increase the food supply would mean the slow starvation of many of the members of the tribe.

Man as a herder. Necessity has always been the mother of invention, and never more truly so than in those early days of which we can picture only the dim outlines. The growing need for an increased food supply resulted in the taming of animals. This must have been an exceedingly slow process, for centuries have shown us that certain animals, like the American bison (commonly called the buffalo) or the African elephant, are not capable of being domesticated, and prehistoric man had no way of discovering which of the animals could be tamed except by the uncertain method of "trial and error." But finally such domestication was an accomplished fact, and mankind was ready to enter upon a new economic stage.

The tribe became more stable. It still lived a nomadic, a wandering, life; but it did not range so far and it stayed longer in one spot, since it must remain near the water supply and the forage for the herds. The ties of kinship were more closely drawn; and the patriarch, the venerable "father" of his tribe, was arbiter of all disputes which might

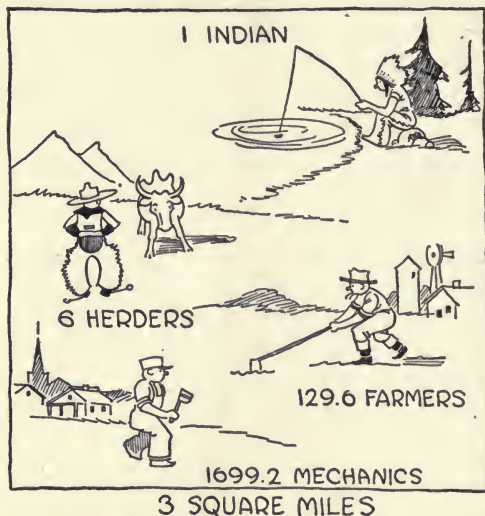
arise. Land ownership was still in common. The cattle of different owners grazed freely over the pasture land, much as, in more recent times in our western country, cattle of different brands rove at will over the range and are separated only at the annual "round-up." Agility and keenness of the physical senses were no longer prime necessities, but instead, the patience which could watch for days on end and not slip through weariness into relaxed vigilance. Physical strength and courage were required to guard the herd against the fierce and sudden attack of wild animals, to which the mild cattle and sheep appeared as tempting morsels. And above all, there was need of the forethought which could provide for the future.

When man had procured his living by hunting and fishing he had assuredly taken "no thought for the morrow." When he was hungry, he went in search of food. If he was successful, he gorged himself until he could hold no more. If he was unsuccessful, he went without food until he could obtain some, and natural selection had bred a race which could endure continued hunger over long periods of time. He did not possess the imagination to see himself starving or freezing, and he never recognized the possibility of either until it was upon him. When he began to defend his herds of cattle and sheep, forethought was absolutely essential. There was always the danger of attacks of wild beasts, which must be provided against so far as possible. There was the occasional need of changing to fresh pastures when continued grazing had exhausted the old ones. There was the necessity of being prepared against attacks of rival tribes which might have designs upon the sleek herds or rich pasture lands. And the tribe that lacked the forethought for all these things was weeded out by the process of natural selection.

Under the new method of life more people could live, and they could live better; but men had become, so to speak, the slaves of the cows. They must guard them

continually against attacks, and must frequently leave an otherwise attractive locality because it no longer afforded pasturage for their herds.

Man as an agriculturist. Then, too, they had grown weary of an exclusively milk-and-meat diet, varied only



Drawn by Guinness

COMPARISON OF THE TERRITORY REQUIRED BY MAN—THE HUNTING, PASTORAL, FARMING, AND INDUSTRIAL STAGES

It required about three square miles to support the pre-Columbian Indian. Basing our calculations on the populations of Idaho, a typical herding state, Iowa, a typical farming state, and Rhode Island, a typical industrial state, we find that the same territory will support 6 herders, 130 farmers, and 1699 industrial workers.

of clearing the ground, even roughly, was so great that the tribe hesitated to move to a new place where it would have to prepare new ground for the seed. The land still belonged to the tribe, and the work of each, whether that of guarding the herds or the less monotonous but more exacting labor of tilling the soil, was assigned by the leader of the tribe.

by the scanty grains and berries which the women of the tribe chanced upon. Once more, by a slow process, our ancestors made a step forward; they discovered that grains as well as animals could be domesticated, and a rude system of farming sprang up. The tribe could no longer live a nomadic life. The herds might be shifted from one section of the country to another with comparative ease; but the sprouting grain must be left where it had been planted. Then, too, the labor

Once more the change in the mode of living had brought about a change in the characteristics which were needed for survival. Tilling the soil might provide an increased food supply, but it required a more continuous and arduous labor. Industry, which formerly had been neither a natural characteristic nor a necessary one, now became essential. Forethought was needed as much as it had been in the earlier stage, but of even greater importance stood out a new requirement: that of conformity to the will of the community. The tribe had become a unit, each part dependent upon the other. If one man were set to watch the herds and he failed in his duty, the entire tribe would suffer. If one man had been assigned the responsibility of attending to the farming of a certain part of the common field and he neglected to perform his task, the food supply of the entire group would be lessened. Each man could no longer decide for himself what he would choose to do. And any tribe in which the members still insisted on acting as they chose was wiped out as unfitted to the new surroundings. There were, by this time, slaves who helped with the work. Most frequently they were captives in war who had been spared, since the new type of industry made it more profitable to keep them as workers than to put them to death. They helped to increase the wealth and power of the tribe.

There were no great inequalities of wealth in this new industrial arrangement, since the freemen shared alike in the work and in the results of the labor. Without doubt the leader of the tribe had greater privileges and rights, as he had greater responsibilities. Yet it was a narrow and restricted life in contrast with the earlier freedom of the herding or the hunting stage.

The feudal system—group ownership. Little by little the chief assumed to himself an increased power. He laid claim to the land as belonging to himself instead of to the tribe as a whole. and where he was powerful enough to

make good his claim the tribe was forced to accept it. If the tribe moved into a new locality and established a forcible control over the inhabitants whom they found there, the leader found it comparatively easy to assert his authority. What is known as the feudal system grew up, with the lord as the sole owner of the territory and with a break-up into class distinctions determined by the relation of each man to his overlord.

In one group were the lord's companions, the nobles. They received land from him in exchange for military service for a definite length of time each year; for court service at Christmas, Easter, and Whitsuntide; and for certain financial "aids," such as the expenses of knighting his eldest son, paying the marriage dowry of his eldest daughter, or ransoming the lord himself if he should be taken captive. These nobles held themselves above work and devoted their time to the pleasures of fighting, feasting, and hunting. The other group, the ignobles, may have been the conquered population. They had to do all the work by which their own meager needs and the far greater requirements of the lord were satisfied. Some of them were free tenants, others were serfs bound to the soil; but their lives were hard, since they must till the ground and guard the herds of the lord of the manor, upon whose favor they were now dependent for their bare existence.

Conformity to the will of the community had given place to conformity to the authority of the overlord. Since the lord must hold his power against his rivals by his ability to fight and to feed his dependents, the new method was undoubtedly a more efficient one, although the continual invasion of his territory by the forces of neighboring lords bore severely upon the peasants on his estate.

Individual land ownership. But even yet the farming stage had not reached its greatest development. Few people have ever shown the same inclination and ability to work for the common good that they show in working

for themselves. So a step in advance was taken whenever and wherever the idea of individual ownership of farms appeared. At first such farms were what we call self-sufficient—they produced for themselves everything they needed. Under many conditions, such as frontier life, that was the only possible way to exist; for they were out of contact with the rest of the world, and transportation of commodities was almost impossible. Sometimes such individual land ownership had been an outgrowth of feudalism, when the lord had proved too weak to maintain his control over the land. Since the feudal lord depended upon the possession of land which he could give out in exchange for services or the products of labor, loss of land meant the destruction of feudalism. A national government came into being. All through the feudal period there had been nominal kings, but they had been no more than figureheads or effective feudal lords; there had been no real national feeling. But with the disappearance of feudal land tenure the kings were able to establish themselves more securely.

The need for conformity to authority had almost disappeared, since authority was too far away to prove very effective. But forethought on the part of the individual became more and more imperative, as did increased industry, since each family group was dependent upon its own efforts for success in satisfying its own wants. Two new necessary characteristics now appeared. In order to make the best of the land at his disposal, a man must be able to adapt the things which he possessed to the conditions under which he must use them. Since he must rely entirely upon himself, he must invent things which would offset the limitations of his surroundings. Moreover, he no longer had anyone to tell him when he must work and what he must do. If he was to satisfy his needs, he must become a "self-starter" and the quality of initiative became indispensable.

Such a life had certain advantages. Each farm family was independent of market conditions. It made no difference to them what other people in other localities produced. There was no danger of such plentiful production on the part of others that the value of their own production would sink very low. If they were able to raise enough of everything to satisfy their own needs, they considered themselves fortunate. Yet life under such conditions lacked the freedom of the old hunting and fishing days. Specialization, even in such a simple life, had appeared. Each member of the family had his own particular "chores" for which he was responsible.

When the farm ceased to be self-sufficient and its owner commenced to grow crops for sale, exchanging its surplus for the other commodities of which he was in need, there arose a still greater necessity for industry and forethought, and for a knowledge of commercial values. The new method was still more productive, since each locality could produce that for which it was best fitted; but there was a danger that it might prove a less balanced one. To be successful, a producer must be quick to realize what it was best for him to produce and not spend his time on crops with which the market was already glutted or which he could produce less cheaply than others could.

In the meantime, too, man had learned to increase his own capacity for accomplishment by the use of tools.

Use of tools. In addition to an inventive mind, man has three physical characteristics which make tools and implements of various kinds of especial value to him. In the first place, he has a thumb set over against the fingers. This gives him a better grasp of a physical object than any other creature possesses. In the second place, he can stand, walk, and run on two feet better than any creatures except the birds. This enables him to use his hands for other purposes than locomotion. That is, they are free to handle tools. In the third place, his anatomy enables him to hurl

missiles more swiftly and skilfully than any other creature. This enables him to make good use of one special class of tools, namely, missile weapons. He could thus fight and kill powerful brutes while keeping out of their reach and without coming to grips with them.

The growth of man's power over nature may be said to have come with the improvement in his tools. His first tools seem to have been made of wood, stone, bone, horn, or other hard substances. So important were stone implements that men are said to have lived for thousands of years in the "stone age," before they learned to use metals. In almost every museum you may see stone arrowheads, spearheads, axes, hammers, and even knives. When chance revealed to him that metals could be extracted from the stones (or ores, as we know them), he commenced to make weapons and tools of the new materials—tools of keener edge—tools more effective in proportion to their size—tools of copper, of the harder bronze, and finally of the still harder iron and steel.

All this has made it possible for man to accomplish more work. However, the history of the progress of civilization proves clearly that the more work a people does the more remains to be done, the reason being that "the more we have the more we want." These tools also meant that both individual and local division of labor could be carried further, as, for example, the man who made the raft, or the bronze spear, or the skinning knife was not necessarily the man who used them; and that man became more and more the master of his surroundings.

Harnessing nature. The day he made the discovery that he could use tools to multiply his energy was a great day for prehistoric man. But it was almost a greater day when he found out that he could make the forces of nature furnish the energy, and all he needed to do was direct it. Animal power was, perhaps, one of the first sources of power; the horse, the mule, the ox, the elephant, the reindeer and all

the rest have been used to make man's work more productive. The wind was used to fill the sails of his early boat and later the sails of the windmills that ground the grain. The mill stream turned the millstones, too, for grinding grain or helped to cut lumber into boards. Coal turned into power for producing, and in the present age electricity, whether from coal or from water power, may be conducted great distances to help to turn the wheels of industry and build up manufacturing, transportation, and commerce.

Trade and the towns. Sometime, even before the feudal system had given place to individual ownership, trade had sprung up. The manors themselves had produced all that was needed by the common folk, except such things as salt, iron, or millstones. But the nobles, especially the great overlords, were desirous of luxuries which must be brought from a greater distance. So trading grew from the earlier bartering to the more satisfactory method of buying and selling, transporting, and storing goods.

Towns sprang up at the crossroads, or at the meeting place of road and river, or near the abode of some lord from whom they could gain protection—at a price. But from the start there was a sense of rivalry between the lord and the townspeople, and the latter leagued themselves with that other person who had no cause to love the feudal lords—the king. They had the money which was necessary and which the king lacked; he possessed the authority which needed only to be forcibly exerted; and against this combination the feudal lords were helpless. Feudalism faded out, and the national state became strongly established.

The men of business began to be a power in the world. The man with the widest knowledge of markets and the keenest sense of market values had the best chance of survival under the new conditions of living. Life became increasingly more complex. Production had increased

rapidly, since each section could devote itself to its own specialties and could exchange its commodities with distant localities. More and more people could be supported in the same stretch of territory and they could live better and better.

Manufacturing and the guild system. As the towns grew, manufacturing became established in them. Even under the feudal system handicraft manufacture had been common, although much of the work had been done by the individuals who had need of the commodities. Yet nearly every manor boasted of its miller, its smith, and perhaps of its weaver or carpenter. But as the market for goods became wider and wider, and as more and more goods were demanded, it became easier to localize the manufacturing in the towns, which were already established as centers of trade.

At first, such manufacturing was exceedingly simple. The master would carry on his work by hand in his own home or in a little shop near by. He might have part of his own family to help him, and he nearly always had some other young boys to whom he taught the trade in exchange for the unskilful help which they could give him. After these apprentices, as they were called, had learned the trade, they "graduated" into journeymen. These got their name either from the fact that so many of them traveled about the country practicing their trade, or, more likely, from the fact that they worked for day's wages, the old French word for day being "jornee." Eventually, if they became skilful enough at the work and had gained the proper knowledge of materials, they might become masters themselves, with their own apprentices and journeymen working for them.

The organization of industry became a very important thing in the town in which it was established. The guilds—organizations of the masters in each trade—played a large part in the government and social life of the town,

besides controlling the industrial life. It was a far cry from the comparative independence and freedom of the hunting and fishing existence to the coöperating life in these snug little towns, with their busy, specialized manner of living, with their comparative density of population, and with comforts undreamed of by the savage mind.

There was a similar difference between the untrained savage individual, with his courage and agility and keenness of senses, and the hard-working, settled townsman, unlearned in the knowledge of wild life but skilful in the specialized work upon which his living depended. As the surroundings had changed, nature had weeded out those who had failed to adapt themselves, and left as the parents of the coming race those who seemed best suited to the conditions of life under which the race was to continue its existence.

Man's control of nature. Yet there was this difference between the lower animals and man. The horse might have grown in size from the stature of a Newfoundland dog; its original five toes might have dwindled and hardened into the hoof which characterizes it today; but it had not gone forward in its control over the life which surrounded it. Nature controlled it; it had never learned to control nature. But man had been able to bend nature to his own will, and man stood forth as the dominant and dominating creature.

Coöperation. But the economic life was not the only field in which men had been gradually developing. Men could scarcely have won their place as rulers of nature without teamwork. In prehistoric times they had very crude and ineffective weapons, yet they had to fight huge beasts much stronger than themselves. Aside from their crude weapons, men had one great advantage over these beasts—men knew how to coöperate, that is, to work together in some kind of organized teamwork.

Everyone knows that teamwork requires someone to give the commands or the signals; otherwise there will be wasted

effort, working at cross-purposes, and probable failure. War against human enemies, as well as war against nonhuman enemies, early taught men the need of rules. The Old Testament is full of allusions to the fact that whenever the Children of Israel began everycne to do that which was right in his own eyes, the enemies of Israel began to prevail. In order to save themselves from being wiped out, they had, time and again, to pull themselves together, put themselves under a leader, and obey his orders. Other tribes, if they survived, had to learn that same lesson.

Having learned in war the necessity of organized teamwork, it did not take men long to learn that it was equally necessary in industry. In fact, it is not quite certain that they had to wait for war to teach them. Some sort of organized work in hunting and herding, and in conserving food supplies, came very early. Whenever and however it started, this organized teamwork requires government; that is, someone to make laws and see that they are enforced. Those who make the laws may be chosen by the people themselves, or they may come forward and assert their authority over the people.

Government. No one can be quite certain how the first government was started. It may have been an outgrowth of the family, wherein the mother or the father continued her or his authority over children, grandchildren, and great-grandchildren, until they formed the habit of obeying the oldest living ancestor. It may have grown out of the fighting team, wherein someone became the war chief by reason of his superior prowess. However it got started, government survived, because those groups which were well governed survived and outgrew in numbers and power those which were not. And in every stage, from the earliest hunting and fishing family organization through the clan, which was merely the expanded family, through the larger tribe, into the better organized state or nation, man developed a type of government which was fitted to his relations with his fellow men.

Speech and writing. At the same time that he learned how to make use of tools to satisfy his needs for food, shelter, and clothing and had worked out some sort of regulation of the social group, man had been learning, too, to handle less material tools — the tools of speech. The crude, and almost animal-like, grunts by which early man had expressed to others his desires or fears gave way to real speech and language, which could express varied shades of meaning. And his writing changed from rudely scrawled pictures, though pictures merely symbolic, through symbols representing one syllable, down to the simplest, and hence the most useful, division of words, the letters of the alphabet.

Domestic arts. Meanwhile the growth of the domestic arts had been keeping pace with man's development in other lines. In place of the skins of wild or domesticated animals, which he had formerly worn, man had come to weave cloth of wool or of linen, rude at first but gradually becoming finer and finer. The gourds and baskets which he had used for the storage of foods were replaced by clay vessels, at first crudely shaped by unaccustomed hands, probably by lining baskets with clay to make them hold water, but very early made more symmetrical through the discovery and use of the potter's wheel.

Religion. Religion, as well, had been passing through its own series of changes. From the worship of objects of nature (sun, moon, rivers, trees, etc.) — sometimes combined with a rude ancestor worship — man had come to make his gods first in the form of animals, then in the form of men; and finally, in rare instances, he came to realize that God is to be found only in spirit.

In all phases of his life there had been the same gradual change. Economically, man had passed from the crude satisfaction of his simplest needs into a type of life which furnished him with some degree of comfort. Politically, he had worked out forms of regulating the social group which enabled men to live together in larger and larger numbers.

In intellectual fields man had grown in his ability both to form ideas and to express them. Religiously, he was slowly growing less superstitious and more able to appreciate the "things which are not seen." Always, by the process of adaptation, whether passive or active, man was fitting himself to his surroundings or molding his surroundings into a form which would better satisfy his needs.

HOW THE PRESENT-DAY ORGANIZATION GOT STARTED

1. What is meant by survival of the fittest? Give examples, showing how it works out.

2. What is meant by environment? Mention a dozen characteristics of your own environment.

3. What is meant by heredity? Have you any features or characteristics which you have inherited?

4. What is natural selection? What is its relation to the survival of the fittest?

5. Which of the following would be the result of heredity? Which of environment?

A Roman nose

A coat of tan

Blue eyes

Naturally curly hair

The color of a mouse's fur

Chinese reserve

6. Which of the following would be the result of active and which of passive adaptation?

A bear's fur coat

A marcel wave

A girl's fur coat

A deer's swiftness

Yearly migration of birds

Bobbed hair

Invalids traveling to Florida in the winter

7. What is the difference between passive and active adaptation? Which offers the better chance of survival?

8. How does the life of Theodore Roosevelt show active adaptation?

9. To what extent may the principle of active adaptation be applied in school life? in business life? in married life? State in each case the result of a failure to adapt oneself.

10. Name the economic stages. Has the world been improved or harmed by these changes? Explain.

11. Where did towns spring up? Do the same reasons influence the location of towns today?

12. What changes were required by the introduction of agriculture? Why?

13. What was the effect of the change from one economic stage to another on the number of people who could be supported in a given area?

14. Look up *feudalism* in an encyclopedia or book of knowledge, telling the reasons for its existence, its chief characteristics, and the reasons for its downfall.

15. Make a drawing of a feudal castle for your notebook.

16. Why did the necessity for coöperation increase in the change from hunting and fishing to herding, from herding to agriculture, etc.?

17. What were the three grades in the membership of the guilds? Do we have any of these today? Explain.

18. Look up *guilds* in an encyclopedia, finding out about their characteristics. Distinguish between merchant and craft guilds.

19. In what ways did the guilds resemble the modern trade-unions? In what ways did they differ from them?

20. Why did not the guilds prove a completely satisfactory method of manufacturing?

21. Make a diagram as follows:

Types of Industry	Kind of Work Required	Form or Organization	Human Qualities Needed	Advantages	Disadvantages
Hunting and Fishing					
Herding					
Farming by large groups					
Farming by individuals and families					
Trading					
Handicraft manufacturing					
¹ Domestic system manufacturing					
¹ Factory manufacturing					

Add to your clipping book clippings on heredity, environment, survival of the fittest, active and passive adaptation, guilds, apprentices, etc. Continue to collect clippings for all new terms throughout the book.

¹ See next chapter.

CHAPTER III

HOW THE INDUSTRIAL REVOLUTION CHANGED OUR MANNER OF LIVING

Decline of feudalism and the guild system. Each step forward is always believed—by some of its advocates, at least—to be the final step which will ever need to be taken. So the feudal lords and the guild masters felt quite certain that no changes would ever need to be made which would deprive them of the power which the existing system had given them. So sure were they of the security of their position that they completely failed to see that any institution or any system continues to exist only so long as it proves itself useful. The feudal lords had been needed at the outset when their vigor and personal prowess guaranteed a defense for the peaceful villagers which could be obtained in no other way. The guild masters had been of value when the guild regulations raised the standard of production and the guild organization safeguarded the persons of the merchants on their foreign travel.

But both feudal lords and guild masters ignored the fact that their authority had been created for the welfare of human society instead of society being formed for their personal pleasure, and ceased to give the service by which alone they might hope to retain their positions. The feudal lords were continually waging petty warfare with one another, or joining together to check the rising power of the kings. And these wars bore most heavily upon the freemen and serfs, whose lives and property were thus in continual danger. The masters of the guilds were jealous of those who might seek admission to the guilds, of the

journeymen and apprentices who were already members of them, and even of one another, to say nothing of the members of the various other guilds. In consequence they made admission to membership difficult; and progress in the guild was uncertain. The very regulations which had formerly raised the standard of quality were now used to guard against the chance of any master's improving the quality of his goods still further. In addition, the various guilds disputed among themselves. "At Amiens there were nine distinct corporations, each with its specific regulation, engaged in the manufacture of woollens alone. Every guild watched jealously to see that another guild did not infringe on its petty field, and there was endless bickering among them over the question of monopoly. The quarrel of the goose-roasters and the poulterers lasted half a century, and went against the poulterers, who were restricted to the sale of uncooked game; but the roasters emerged from the conflict only to meet another foe, the cooks, who were flushed with a recent triumph over the guild of 'Vinegarers mustarders' (who made sauces); and after another half century the cooks succeeded in limiting the right of the roasters to sell cooked meat. . . . The question as to who had the right to make and sell buttons rose nearly to the dignity of a question of state; search was made in private houses for illegal buttons, and private individuals were arrested in the street for wearing them."¹

Domestic system. People who had approved of the control exercised by the guilds in the early days of their existence began to resent this abuse of power. The political authority in the towns slipped out of the hands of the guilds, and the workers moved out into the suburbs or the country so that they were no longer dominated by the guild organization. But the workers in suburb or country were too far from sources of material and from a market,

¹ Day: *History of Commerce*, pp. 244-245.

and through their lack of organization were unable to arrange for purchasing or selling. So a new type of leaders sprang into existence, in the cloth industry known as the *clothiers*, who bought the raw material and disposed of the finished product, leaving to the various specialists—spinners, weavers, fullers, dyers, etc.—only the actual process of manufacture. In some cases such a clothier furnished the necessary tools and even the place to work, although for the most part the workers carried on their work in their own homes, with tools which were their own possessions, and controlled their own hours and conditions of labor. The clothier had no need to be skilled in the actual methods of production, as the guild master had been, but instead became a specialist in knowing how to buy and sell.

Change in manufacturing. Held back by no organization, and anxious to make as great a profit as possible, these men were ready to grasp at any improved method of manufacture. As a result there came a series of inventions which completely revolutionized the cloth-making industry. About the middle of the eighteenth century cotton goods had all been made in the cottages of the workers, the fibers being carded by hand, spun by hand, and worked into cloth on a hand loom. The father of the family usually was the weaver, while his wife and unmarried daughters spun the yarn for him, with the result that today we frequently refer to an unmarried girl as a "spinster." Generally the father could weave into cloth more yarn than his wife and daughters could provide him with. So he spent some part of his extra time searching out other spinsters in the village who were unemployed.

Kay's fly shuttle. About this time a certain John Kay and his son invented what was known as a "fly shuttle," which saved the weaver the labor of throwing the shuttle from one end of the loom to the other. All he had to do now was to pull one cord to send the shuttle flying across

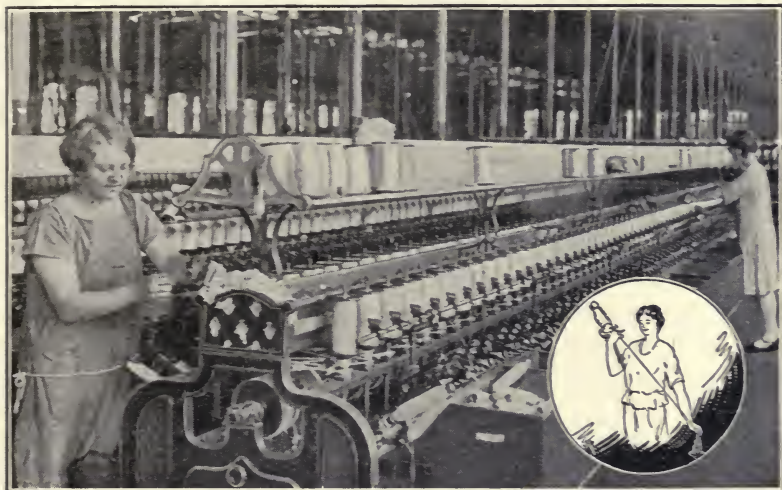
the loom and another to bring it flying back. Each weaver could weave twice as much as he had been able to do by the earlier method, and the spinsters were more hopelessly distanced than ever.

Hargreave's spinning jenny. As is nearly always the case, the need for improvement resulted in an invention. The story goes that one day as a poor weaver, James Hargreaves, entered his house, his wife, Jenny, accidentally upset the spinning wheel she was using. Hargreaves noticed that the spindle, now in an upright position, continued to revolve, and that the thread was still spinning in his wife's hand. Following out the idea which this incident suggested to him, he contrived a frame which would provide eight spindles, and named the invention the "spinning jenny" as a compliment to his industrious wife.

Arkwright's water frame. Even yet the cotton threads, though more rapidly spun, lacked the strength which would make it possible to use them as the warp, the threads running the length of the cloth. The weaver must still use wool or linen for that purpose. But Richard Arkwright, in 1771, invented what is known as the "water frame." This machine passed the threads over successive pairs of rollers, each one of which was made to revolve more rapidly than the preceding. This caused the fibers to lie straight and parallel to each other and produced thread strong enough for warp. All-cotton cloth was now a possibility.

Crompton's mule spinner. The spinning jenny produced thread rapidly. The water frame made strong thread. So in the seventeen seventies Samuel Crompton set to work to perfect a machine which should combine the advantages of both. When he finally succeeded, he dubbed his invention the "mule spinner" on account of its mixed parentage. And the best part of his invention was that thread of sufficient strength could now be spun four times as fine as people had believed possible, and finer cloth could now be produced.

Cartwright's power loom. By these inventions the spinners had far surpassed the weavers in the amount of work they could accomplish. Kay's fly shuttle had already increased the rapidity of the weaving as much as was possible by man power. Once more the need produced



HAND WORK vs. MACHINE

After milleniums of use of the distaff and centuries of use of the spinning wheel, came the spinning jenny, invented by Hargreaves, which has been developed into the vast machines shown in this picture.

the invention, and by the power loom devised by Edmund Cartwright in 1797, weaving once more caught up with spinning. At first water power was used to drive the new machinery. The vast coal fields of the North Temperate Zone were not yet appreciated as sources of cheap power. The use of these coal fields had to wait for the invention of the steam engine.

Watt's steam engine. But just as a stone thrown into a pool of water sends out ever-widening ripples, so the changes begun by the invention of the fly shuttle continued to be carried into every field of human activity. Until

the time of the Industrial Revolution¹ practically all the manufacturing had been done by means of the power of the human muscles, just as transportation had been carried on by the muscles of such animals as horses, mules, or oxen. But human energy had not proved sufficient for the new machinery, and the steam engine which had just been conveniently invented by James Watt was used to replace human power. Steam entering at one end of a cylinder pushed a piston forward; steam entering from the other end pushed it back; a rod attached to the piston transferred the motion to other objects, and made possible production by steam-driven machinery. Mechanical power had been substituted for muscular power, and the field of production had been widened to an almost unbelievable extent. The substitution of the machine for the tool in many instances meant far greater production. The tool must be guided as well as driven by human muscles. Consequently the user of a tool requires a skill which the tender of a machine need not necessarily possess. Greater power and greater speed alike make machine production more efficient than tool production, while a machine can be made to control working parts which are themselves too large and too heavy to be guided by human muscles.

¹ The Industrial Revolution as a term in history is applied to a period of English economic history covering the latter half of the eighteenth and early part of the nineteenth centuries. It was marked by the development of large farming projects which swallowed up the small farms and threw many agricultural workers out of employment and the development of machine manufacturing through the employment of steam and the invention of many machines, especially for the production of textiles. The idle farmers flocked to the manufacturing centers, the city population was greatly increased, and England became a manufacturing rather than an agricultural nation.

The industrial revolution, however, is of much wider scope than the limits thus set imply; for the change in manner of living, manufacturing, and even of thinking, which this transition made have been going on and developing ever since, and each new invention of our own time, as the radio and the airplane, is but another chapter in the industrial revolution as truly as was the spinning jenny and the water frame.

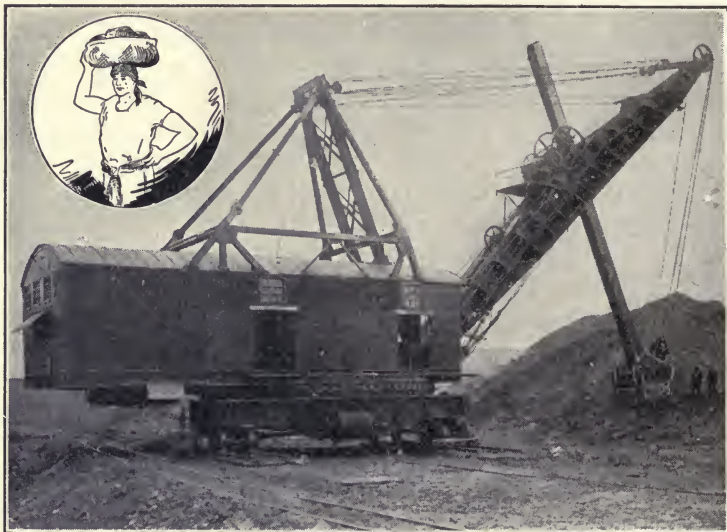
In this book, when capitalized, Industrial Revolution refers to the period between 1750 and 1850; when begun with small letters, to the period beginning 1750 and still going on.

Smelting iron with coal. The possession of coal mines became of far greater importance as soon as steam-driven machinery demanded a cheap and concentrated fuel. Iron ore formerly had been reduced by using charcoal, but the growing scarcity of the wood supply soon proved that such a method could not long be depended upon to produce iron in the quantities in which it was beginning to be required. So a method of using coal in the place of charcoal was devised, and coal became as valuable for producing the iron with which to make the machines as it was for the fuel by which the machines were kept running. The steam engine was first used to pump water from the coal mines, and, at the same time, Sir Humphrey Davy's safety lamp made the mines safer for those who must work in them. As a consequence, the possible amount of production was greatly increased.

Whitney's cotton gin. Since more cotton goods could now be produced, the raw cotton was needed in larger quantities than had been the case before the improvements in spinning and weaving. The slowest process in cotton production had been found to be that of separating the seeds from the fiber. In 1793, Eli Whitney invented the cotton gin, and made slavery in this country economically profitable at the very moment when several of the southern states were on the point of excluding it.

Change in the relation of man to the machine. By the introduction of machine production the relation of the man to the machine had been reversed. In the old days man was the principal agent in production, while the machine or, more truly, the tool was his assistant. It was the shoemaker's manual skill and not his awl or waxed thread which was the indispensable factor. The carpenter's muscular power and skill was more valuable than his saw or his plane. Today the machine is the principal, and man, at least so far as his muscles are concerned, has become merely an assistant. One man may stand day

after day and merely feed raw material to a machine which is capable of performing the entire process of manufacturing the product. As a result, ownership of the instruments of production had become vastly more important than it used to be. Sometimes there has even been a tendency to forget the essential worth of mankind and to put a higher value



Courtesy Marion Steam Shovel Co.

BRAINS vs. BRAWN

This electric shovel lifts eight dump-cart loads at a bite and takes a bite a minute, yet men, working like the one in the inset built the pyramids. Consider the energy and time that was wasted before the use of machines.

upon such inanimate property than upon human life; though public opinion and the laws which have been enacted as a result of its activity have done much to require the proper safeguarding of dangerous machinery.

Lengthening the process of manufacture. Machinery has extended the process of manufacture. In the old days the clothmaker, the tanner, and the miller used materials which were procured near at hand, and sold their products

to a consuming public which was almost within earshot of them. Today the raw materials are brought together from the four corners of the world, and the process of manufacturing and marketing them may cover a period of years. Manufacturing has become a veritable "house that Jack built."

Division of labor. But none of the changes which the introduction of machinery has brought about could have been possible if every man had been making for himself everything he needed. In fact, there would have been no

reason for the invention of machinery if division of labor had not already existed.

It was because some people were doing nothing except spinning thread that the spinning jenny came into existence. It was because other

people were busied solely with weaving that the improve-

ment in looms was imperative. And, very naturally, as the machinery which was invented became more complex, finer and finer division of labor was required, until nowadays two hundred ten different operations are necessary for the making of a single shoe of a certain common type, and "in the large plants of the meat packing industries between two hundred and two hundred fifty butchers, helpers, and laborers each perform some one specialized task of turning the live animal into dressed meat."¹

Advantages of division of labor. It is easy for us to see the advantages of the division of labor; they are visible on every side. Goods can be made and brought to us



DIVISION OF LABOR IN A SHOE

Two hundred ten operations are required in making some types of shoes.

¹ Marshal and Lyon: *Our Economic Organization*, p. 150.

more rapidly and in greater quantities because workmen are more skilful, because less time is lost in passing from one sort of work to another, and because machinery is used to speed up the work of production. Uniformity of quality is secured as a result of the standardization which results from the use of machinery, with its machine tender in place of a skilled workman. The necessity of a long period of training in order to get a job at producing articles has been done away with. In great numbers of cases a man can go into a factory and merely follow a few general directions, and the machine does the rest.

Disadvantages of division of labor. But division of labor is not an unmixed blessing, and we ought at least to recognize the evils which it brings in its train. Child and woman labor was not so common in the days before machine tending offered a job which demanded little strength, training, and skill. Today women and children can be hired more cheaply than men, and can do the work as well—better in some cases. Moreover, specialization has been too often achieved at the expense of narrowness. The work has too frequently been treated merely as a means to an end. The goal has not been what is best for the individual worker but what is best for the business, or for the consumer, and a “lop-sided” development has taken place.

In the old days, when a boy wished to follow any trade he had to become an apprentice and by careful work learn the business thoroughly. In a way he had the equivalent of a trade or technical school training. But the machine has removed from the work of a great many people its educational element. Frequently no great amount of previous training is required to prepare to tend the machine, though it takes considerable mental effort to understand it. Day by day new inventions are being made which send to the scrap heap the machines of yesterday. We are getting machines which seem almost to think. One machine is

now able to do the work which formerly was done by a dozen, and eleven of the twelve machine tenders are no longer needed. All their training has gone into the discard along with the machine they tended, and they are trained for nothing else. A man with a general mechanical training, whose education had been broad instead of narrowly specialized, would find no difficulty in getting a new position where he could use some of his general fund of knowledge. Those without such a background, whose very work had trained them to a lack of adaptability, would find themselves after years of labor no better off than they were the day they started work; perhaps worse off, for they would lack the always valuable asset of youth.

We should notice one other weakness in the division of labor—it puts a great strain upon the people who specialize. The ability to give close attention to one thing for a long time is not very common, especially among young people. They easily become discontented and restless if they have to work under conditions of extreme specialization, and this is one reason why the labor “turnover” in factories (that is, the changing of workers) is so great. The workers can stand the strain for a while, and then they feel the absolute necessity for a change. They do not stop to think that it may be a loss of time and money for themselves, and an increase in productive costs for society. They are “fed up” with the job, and they quit.

Development of the division of labor. Every year that goes by sees a finer and finer division of labor. Not since the time when the guild system gave place to the domestic system (when, for example, the clothier took charge of the organization of the cloth industry) has the division of labor been merely a division into groups concerned with the production of grain, meats, or textiles, each group bringing the raw material through the various stages which are to make it a finished product. For example, lumbermen are cutting the timber for the frame of a house

at the same time that other men are getting iron ore from the ore beds for the nails, and still others are making brick or quarrying stone for the foundation and the chimneys. Meanwhile, we find another sort of division of labor going on. The choppers who fell the trees are followed by sawyers who make the rough boards, and after them come carriers to transport them, men in the planing mill who plane them, and so on to the carpenters who fit them into place in the house.

Specialization and interdependence. But sometimes months and years pass by before the finished product is ready for use, so men have to depend more and more upon one another. The worker no longer owns his tools as he did in the time which preceded the Industrial Revolution, so he must depend upon his employer for the job from which he must make his living. The employer needs workers, if his plant is not to lie idle. He needs the coöperation of the bankers for his investment, and the coöperation of the men on the railroads which carry both his raw material and his finished product.

Thus, while division of labor means that the individual must specialize if he wishes to fit into our complex society, it also means that he must coöperate or his specialization is of no value either to himself or to others. As a result there is little in our lives today which cannot be traced, directly or indirectly, to the fundamental principles of division of labor. We could not buy our clothes at the store, because there would be no store, if every man produced for himself. There would be no ready-made clothing, nor even the woven goods of which the clothing is made. We should not need money or credit, because we should be producing what we needed for ourselves, and if we had anything left over we could exchange with someone who wanted what we possessed and had something which we desired. We should not have railroads, or boats, or trucks to carry freight; there would be no freight to carry. We

Japanese.
Prepares
the silk
used on
the cord.



British Indian. Mines
the mica
used for
insulation.

Pennsylvanian.
He mines
the grains
of coal
used in
your
telephone.



Alaskan. He
digs the
gold
used in
your
telephone.



Russian.
Mines the
platinum
used in
your
telephone.

These men made your telephone



Egyptian.
Raises cer-
tain kinds
of cotton
used to
insulate
wires.



Brazilian.
Gathers
the rub-
ber for
the case
of the
receiver.

Irishman. Raises
flax for
paper
used in
the con-
denser.



-the workman at Chicago

From this curious medley of materials, brought from every corner of the world, this man's skill produces a marvel of precision and ruggedness—your telephone.

“All Electric”



In many lands are gathered the 19 materials needed to make this instrument.

Courtesy of a leading manufacturer of electrical equipment

HOW WE DRAW UPON THE WHOLE WORLD TO MAKE OUR COMMONEST ARTICLES

should not have labor organizations or labor disputes, for each man would be working for himself. We should not have big cities with crowded populations and rent profiteers, because every man would be living with his own family on his own little piece of ground. Our fathers would not be working for wages, so there would be no question of the necessity for "minimum" or "comfort" wages, and no disputes as to the value of "time" or "piece" wages. Since our mothers, brothers, and sisters worked only at home, there could be no woman or child labor problem.



THE INTERDEPENDENCE OF PEOPLE
If one falls out of the circle the whole community is upset

Modern interdependence. There had been division of labor, to be sure, before the time of the Industrial Revolution. It had been slowly developing from the earliest time of unspecialized labor, when one man made everything for which he and his family had need, through the

growth of trades, when the same man who made a wagon did not make a suit of clothes or a pair of shoes. It had seen the time when the various processes, such as weaving, dyeing, and fulling in cloth manufacture, were separated from one another. But its completion could not be found until machine production had taken the place of hand production. And as the division of labor became more and more complex, people became more and more dependent upon one another and all sorts of new problems arose, until today there is scarcely any limit to our interdependence. We cannot dress in the morning without putting on clothing which has

been made by the machines which the Industrial Revolution brought into being. Without the Industrial Revolution we could not ride in a street car, a train, a boat, or an automobile, or even tread upon cement pavements. Our education is based upon textbooks turned out by the thousand by printing presses mechanically driven. Without the Industrial Revolution we should never have seen a motion picture or have listened to the sound of a human voice from a phonograph or over the radio. Even more, many of us would not even be here, since the use of machinery alone has made it possible to raise and transport the vast amounts of food-stuffs which are necessary to support life for so great a number as the population of the world has grown to be. Indeed, it is hard to measure the influence upon our lives of what is known as the Industrial Revolution.

HOW THE INDUSTRIAL REVOLUTION CHANGED OUR MANNER OF LIVING

1. What is the "condition of continued existence" for any institution or system? Do you know of any examples besides those mentioned in the text?

2. Make a diagram or chart showing how one invention led to another in the cotton manufacturing industry.

3. Find out in any encyclopedia or book of knowledge more about (a) John Kay, (b) James Hargreaves, (c) Richard Arkwright, (d) Samuel Crompton, (e) Edmund Cartwright, (f) Sir Humphrey Davy, (g) Eli Whitney.

4. Make a chart comparing the guild system, the domestic system, and the factory system of manufacturing as to (a) place of work, (b) ownership of tools, (c) ownership of materials, (d) control of hours and conditions of labor, (e) relations between workman and employer, (f) chief qualifications for success.

5. Show how one want has led to another in some other line of production.

6. What products are found in your locality? What are the leading industries?

7. Make a list of the hands through which the food you ate for breakfast must have passed.

8. Make a map of the world showing the place of production of each of the commodities which is to be found on your breakfast table.

9. Make a map of the United States showing how the various sections are dependent upon one another.

10. Make a poster showing the steps from producer to consumer of one of the following: (a) a loaf of bread; (b) a suit of clothes; (c) a pair of skates; (d) a dining-room table.

11. Make a poster showing the workers who are concerned in the manufacture of an automobile.

12. Which is more important, the man or the tool? the man or the machine? Explain.

13. Work out a "house that Jack built" in some industry.

14. State the advantage of the division of labor; the disadvantages. Which do you think are greater? Why?

15. What is meant by labor *turnover*? How does a large labor turnover affect the cost of production? Why?

16. Show how the middleman is a natural outgrowth of the division of labor: interdependence.

17. Explain: "From the point of view of the individual, the division of labor means specialization; from the point of view of society it means coöperation." Why could we have no specialization without coöperation?

18. Why is a general mechanical education safer training for a boy than a too highly specialized training?

19. In what way is the division of labor responsible for immigration? labor problems? congestion of population? rent profiteers?

20. Look up the history of child labor; the labor of women.

21. What are the laws in your state with regard to such matters? What action has been taken at any time by the federal government?

22. What classes of people oppose laws regulating the labor of women and children? What classes favor them?

23. Work up a project on a child labor amendment, showing: (a) for what the child labor amendment should provide; (b) steps through which the amendment would have to pass before it became part of the Constitution; (c) means by which popular interest might be aroused, thus insuring the passage of the amendment.

24. How many of the articles in your schoolroom would you find in their present form if there had been no Industrial Revolution?

25. How many of your present possessions could you have in their present form if there had been no Industrial Revolution?

26. How is the World War connected with the Industrial Revolution? strikes? congestion of population?

27. How many of the present conditions of existence can you think of which are not connected in any way with the Industrial Revolution?

CHAPTER IV

HOW THE PRODUCTION OF RAW MATERIALS HAS CHANGED

Raw materials and finished products. When you gather firewood on a camping trip you are not, of course, manufacturing anything. You are merely taking something that nature has already produced. When you catch fish for your dinner you are again merely gaining possession of a natural product. When, however, you gather stones and build an oven you are doing two things. First, you are taking materials—the stones—from nature's store; second, you are building something with them. When your great-great-grandfather cut logs in the woods and built a log house he was doing the same two things. First, he was gathering together some materials that nature had produced; second, he was shaping these materials into something else; namely, a house. The logs were what we now call raw materials; the house was what we call a finished product.

Nowadays, the division of labor has gone so far that, except on hikes or in pioneer settlements, the same person almost never both gathers the raw material and makes the finished product. Quarrymen get out the stones and others work them up into houses and other finished products. Lumbermen cut the trees and others work them up into household furniture and other finished products. There are, in fact, great industries that do nothing but gather raw materials, while a wide variety of other industries reshape them into finished products. Space will permit us to describe only a few of the more important of these industries that supply us with raw materials.

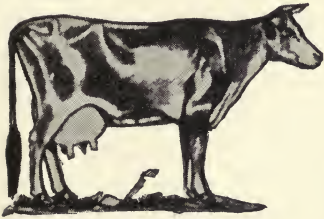
Extractive industries. The industries that get out or produce raw materials used to be called by the general name of *extractive* industries. Under this name was included a great variety of industries, such as mining, quarrying, hunting, fishing, lumbering, pasturage, and farming. These were called extractive industries because they were supposed to do nothing except to extract materials from the places where nature left them. This is still true of mining and quarrying and a few other industries. The miner and the quarryman merely dig out such materials as they find, and put nothing back to replace what was extracted or to renew the supply when the original supply is exhausted. In a modified sense, the same is true of the hunter, the fisherman, the lumberman, the cattle rancher, and of some unscientific farmers.

Genetic industries. We begin to notice, however, that there is a wide difference between hunting and the growing of game or fur-bearing animals; between fishing and fish culture; between lumbering and forestry; between grazing on natural pastures and cattle breeding on improved land; between crude farming of the kind that exhausts the soil and scientific farming of the kind that improves the soil. So marked is this difference that the term *extractive* does not properly describe both classes of industries. In other words, we need another term to describe those industries that grow things, or that make use of the power of plants and animals to grow and improve. Such industries have the power to increase the yield of the natural sources of supply. Accordingly, the word *genetic* has been applied to the latter class of industries.

Under extractive industries are now included those that merely make use of such raw materials as nature furnishes. Under genetic industries are included those that help the natural process of growth, and, in a sense, compel nature to produce more than she otherwise would. This is done by guiding the natural processes of reproduction and growth

THE VERDICT OF THE JURY

THIS COW
EQUAL TO 40 POOR ONES



**\$31.25 PROFIT
ONE YEAR**



**\$ 31 PROFIT ON
THESE 40 COWS
ONE WHOLE YEAR**

YOU CAN'T AFFORD TO GUESS

Courtesy International Harvester Company

among plants and animals. Therefore, the extractive industries now include only mining, quarrying, hunting, fishing, lumbering, pasturing on natural pastures, and primitive farming, sometimes called "mining the soil." Under the genetic industries are included the growing of game and fur-bearing animals, fish culture, forestry, stock breeding, and scientific agriculture.

Mining for gold. Even the strictly extractive industries have contributed greatly to the prosperity of this country and of most other countries. Of these the most important is mining. Of the mining industries the one that appeals

most to the imagination, though economically it is not the most important, is the mining of the precious metals. Both gold and silver were mined in small quantities in this country before the great discoveries in California and the West. But the California discoveries soon eclipsed everything else. The rush of gold seekers to California, shortly after the acquisition of that part of the country from Mexico, forms an important chapter in our economic life, as well as a romantic chapter in our social life.

The early miners found gold in the form of small nuggets or minute particles, known as gold dust, in the gravel of ancient river beds. It was first separated from the gravel by the very simple method of panning; that is, gravel was put in a basin somewhat like a common wash basin, only larger, and mixed with water from time to time, which was then thrown out by moving the pan rapidly with a circular motion. The water thus thrown over the edge of the pan carried with it the dirt and gravel, which was lighter than gold. The gold, being heavier than the dirt and gravel, was eventually washed clean by a repetition of this process. Later, a number of other devices were invented that were less laborious and more effective than the simple process of panning. The essential principle is the same, however, for all "placer" gold; that is, gold that is found mingled with gravel. The action of water is used to carry away the gravel and leave the gold. Recently some huge machines have been used to dig up the soil to a depth of seventy feet or more. The soil is then run through a complicated machine which, through using an abundance of water, extracts minute quantities of gold from thousands of tons of gravel. When this is done on a large scale, enough gold is found to pay the cost, but it involves the destruction of thousands and thousands of acres of what would otherwise have been good farm land.

Gold is also extracted from solid rock, as well as from gravel, but this requires a different process. One method

is to pulverize the rock and then use the same method as is used in placer gold; that is, by the action of water the lighter particles are washed away, leaving the heavier gold. A still more recent method of extracting gold from the pulverized rock is by means of chemicals. By this method very low-grade ore—that is, ore containing a small percentage of the precious metals—can be profitably worked. In fact most of the recent production of gold has been by this method. There is a great deal of low-grade ore in the world which can be extracted profitably by this method which could not profitably be extracted by any other known method.

Mining for Coal. All things considered, it is not improbable that the most important mineral is coal. It is treated as a mineral though

it was undoubtedly of vegetable origin in previous geological ages. In some of the far western states coal is found cropping out in various places, and is still extracted by the local settlers in a very primitive way. They simply use a pickax to loosen it and then shovel it into their wagons. A little later, of course, they have to remove the rock and soil that cover it and use explosives to loosen it. Even in the eastern coal fields this method at one time prevailed; but it has long since passed out of use, as it must very soon in the newer fields of the west, except where under favorable conditions it may be carried on by the use of steam shovels and other powerful machinery.



COAL MINE

A, shaft mining: vertical section, showing shaft, strata, and, in one stratum, tunnels and room, with roof props; a, culm pile; b, shaft elevator; c, breaker. —B, stripping, or mining with an excavator where a stratum crops out at the surface.

Except where the coal seam comes to the surface, or very near the surface, it would be out of the question to uncover it by removing the soil or the rock above it. The first and most primitive method was to follow the seam underground from the place where it cropped out. As the coal seam is followed underground it becomes necessary to support the roof by using wooden props or other devices. Then coal mining became an underground industry rather than a surface one. This follow-up method is applicable only in those few cases where the coal seam comes to the surface. The greater part of the coal is now mined in shaft mines, where a shaft is sunk perpendicularly from the surface to the coal seam. In addition to this, a vast amount of highly complicated machinery is now used in the operation of a coal mine that could only be described by a technician and would be difficult for anyone to understand who was not technically trained.

Mining for iron. A close rival of coal for first place in economic importance is iron. It has been mined in various ways, but it is now mined on the largest scale and at the lowest cost in the upper Lake Superior region, by the simple method of uncovering the ore and shoveling it into freight cars by means of huge steam shovels. So vast and so rich are these beds of iron ore that the extraction of the ore can scarcely be called mining at all. It is simply a matter of loading and switching freight cars.

Smelting iron. Iron ore, of course, is very different from iron. The extraction of iron from the ore is called smelting. Under intense heat, the iron is melted and drained off in the form of hot liquid. This used to be a very expensive process, first, because the methods were unscientific, and second, because heat was supplied from wood or charcoal. It is only since early in the nineteenth century that men have known that coal in the form of coke could be used for this purpose. Before this discovery, the forests of England were being destroyed rapidly to make charcoal for her iron

furnaces. Since this discovery, iron and steel (of which the chief constituent is iron) have become much cheaper and more abundant. In fact, this is sometimes called the age of steel. In ancient times copper, tin, and zinc, or a mixture of copper and tin in the form of bronze, or of copper and zinc in the form of brass, were almost as cheap and abundant as iron. Today the steel industry is one of the largest of all industries, but it owes its prosperity to coal.

Lumbering. In pioneer days, in the eastern half of the United States, the problem of supplying the pioneer farmer with lumber was very simple. His land was covered with trees, which he had to clear away in order to grow crops. Much of the timber he destroyed, some of it he used as fuel, and the best of it he used to build his house and make his household furniture. He had lumber to spare. If the pioneer farmer was situated near a stream, or near a large town, he may have had a market for the timber which he cut. In that case he hauled it to the stream or the town with his ox teams and log wagons. An ax, a crosscut saw, and a few very simple tools were all he needed.

When large cities began to be built, of course the surrounding neighborhood could not supply enough lumber. It had to be brought from long distances. It is so bulky and so heavy that the chief cost is that of transporting it. The cheapest method is to let it float on the water. Where there are rivers running through the forests the lumbermen cut and trim the trees into logs in the winter, haul them on sleds to the rivers and creeks, and leave them on the ice. In the spring, when the snow and ice melt, the water carries the logs downstream. This is the reason that so much of the lumbering today is done near the head waters of those rivers on whose banks cities have been built. In some cases towns are built mainly for the purpose of receiving the logs as they come downstream, and there they are sawed into boards or manufactured into various articles such as household furniture or paper.

Log driving is the name given to the work of floating logs down the rivers on their way to market. It is a dangerous occupation and requires men of great strength, agility, and skill. It can be done on a large scale more easily than on a small scale. For this reason, most of the lumbering is now carried on not by individual farmers or lumbermen, but by large companies which own thousands of acres of timberland and hire hundreds of choppers and river drivers to work for them.

Hunting and trapping. One of the chief sources of income to the early American colonies was the fur trade. The native Indians brought the skins of animals to the settlements to trade for some of the articles of civilized life. The colonists then shipped the skins to Europe and sometimes made a large profit. Later, some of the more hardy and venturesome of the colonists began to hunt and trap for themselves. From that day until the middle of the nineteenth century trapping and fur trading formed an important frontier industry. In Canada, under the great Hudson Bay Company, it was even larger and lasted longer than in this country. In recent years it survives as a minor industry carried on by farm boys in almost every part of the country.

Beaver skins, because of their fine fur, were the most sought after in the early days, though the skins of many other fur-bearing animals formed an important part of the business. Besides, multitudes of deer and buffalo skins were collected. Many millions of buffalo skins found their way to the markets of the world between 1825 and 1875. By the latter date the bison, or American buffalo, was practically exterminated.

Nowadays the genetic industry of raising fur-bearing animals is adding appreciably to the world's supply of furs which were formerly supplied from wild animals alone.

Fishing. While the business of hunting and trapping is declining in importance, fishing is increasing. We have

been so abundantly supplied with cheap meat in this country that we have not been compelled to rely upon fishing as a source of food. But now that our great natural pastures are narrowing down, and our population is increasing, we are beginning to harvest the sea a little more carefully. We still consume less fish a person than most old countries, but we are increasing our consumption slightly. The two oceans and the Gulf of Mexico furnish large supplies, and will yet furnish still larger supplies of sea food of various kinds. Our great rivers, thousands of lakes, and the chain of Great Lakes also furnish considerable quantities of fresh-water fish. Under systematic culture, that is when the genetic industry of fish culture is put on a scientific basis, these waters as well as the oceans will furnish enormous supplies.

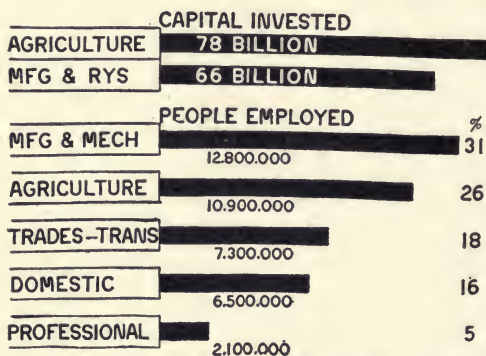
Cattle grazing. Close upon the heels of the hunters and trappers came the herdsmen, as our frontier moved westward. In the early colonies on the Atlantic seaboard cattle ran half wild in the woods. A truly pastoral industry did not, however, develop until the frontier moved beyond the Great Forest onto the great prairies of the West. In the early backwoods, cattle were owned by farmers who were clearing farms and growing crops. On the great prairies of the West, however, the business of cattle ranching developed as a separate business. It was engaged in by men who did nothing else, who specialized in the various arts that were associated with cattle ranching, such as organizing round-ups, registering cattle brands, driving herds of cattle to a railroad and shipping them to eastern markets.

Farming. As the cattlemen had followed the hunters and trappers, so the plowmen soon followed the cattlemen in a movement westward as far as farming was profitable. Many parts of the Far West are too dry to cultivate without irrigation. Where irrigation is not possible, the cattle ranch still holds its own, and will probably never be displaced by the tilled farm.

In one sense farming has helped the cattle business and the cattle business has helped farming. The vast corn fields of the Mississippi Valley are not far from the great cattle ranges of the West. Lean cattle from the ranges are fattened in the corn country and made ready for eastern consumers. The cattle helped to make a market for the farmers' corn, and the farmers' corn helped to make cattle ready for market.

Since our farming frontier has reached the hundredth meridian of longitude its movement westward has been

AGRICULTURE A GREAT INDUSTRY



Courtesy International Harvester Company

retarded, if not altogether stopped. We have entered upon a new stage of agricultural development which may be called settled farming instead of frontier farming. Geographical areas are being given over to certain types of farming without moving perceptibly westward.

Wheat growing. One of the most in-

teresting of the westward movements of crop raising is that of the wheat-growing area. Wheat growing in this country has been mainly a frontier business, following a little behind cattle ranching. So long as the frontier was moving westward the wheat belt moved regularly with it. Since the frontier has stopped moving westward the wheat belt has become more nearly permanent. It lies mostly between the corn belt and the cattle ranges, though it overlaps both.

Wheat growing is interesting also because it lends itself to large-scale production and the use of agricultural machines

better than most crops. Practically every operation in wheat growing today is done by machinery. The seed is drilled, the crop is harvested, threshed, and ground into flour by powerful machinery. About all that men have to do in growing wheat is to direct the machinery.

Machine production in agriculture probably reaches its highest development on some of the great wheat ranches of the Northwest, where powerful machines, drawn either by tractors or by teams of from twenty-four to thirty-six horses, reap the wheat and thresh it and put it in bags—all in the same process.

Farm machinery. Machinery, however, has come to play an important part in many other kinds of farming. It is interesting to know that practically all our farm machinery has come into existence within a hundred years. A hundred years ago (1825) practically every kind of work done on a farm except plowing and harrowing was done by hand. Wheat was sown by hand; reaped either with a sickle, such as had been in use for 4,000 years, or with a recently invented cradle which, though a considerable improvement on the sickle, was still driven by human muscles; bound into bundles by hand; and threshed with a flail, though it was occasionally tramped out by placing it upon the floor and driving horses or oxen over it. Corn was planted by hand, hoed during the growing season with hand hoes, and husked by hand. Practically every other crop was cultivated and harvested in the same primitive way. About 1830 the changes began to come. Mowing machines, reaping machines, corn planters, grain drills, threshing machines, twine binders came in rapid succession, until by 1870 on all the up-to-date farms a great deal of farm work was done by machinery. These machines have been improved in size and in quality ever since.

Advantages of farm machinery. It must not be imagined that all the benefit of these farm machines has gone to the farmers. A great deal of the benefit has gone to



Drawn by Marcus

COÖPERATIVE MARKETING IS TOO OFTEN HOG-TIED

Courtesy The Country Gentleman

the people of the cities who consume farm products. These powerful machines enabled the farmers to cultivate more land and to grow larger crops. This has so greatly increased the supply of farm crops as to bring the price down to a lower level than would be possible if we had not had any agricultural inventions. One result is that the farmers of today have to work almost as hard as they did a hundred years ago, but they get a somewhat better living out of it, especially in the localities where coöperative marketing of products is practiced. The city consumers have probably, on the whole, gained a little more than the farmers have; though that would be difficult to prove or disprove.

Unquestionably more grain can be produced by the use of machinery than it was possible to produce in the days when all the power was furnished by human or animal muscles. Fewer men are needed in the process, and those who are thus released are able to engage in some other form of production. Consequently, in the long run, there are vastly more of the good things of life to be divided among us all. It is once more the principle of the division of labor linked with the always essential coöperation. Once again we find out how much better off we are through interdependence than we could be as solitary individuals or isolated communities.

Coöperative marketing. Within the past few years, organizations of fruit growers and farmers have sprung up to coöperate in the disposal of their produce. These organizations may set standards of quality, adopt a trade name, conduct extensive advertising campaigns, regulate distribution, and place wholesale agents at advantageous places. The individual who belongs to one of these associations is relieved of much of the work of selling his produce and secures a wider market than he could possibly hope to gain alone. On the other hand, he must observe the rules of his organization and pay his share of the expense of maintaining it. Jealousies, lack of confidence, and fear of

exploitation sometimes hamper or even wreck such organizations. On the other hand, California and Florida fruit growers, New England cranberry growers, and many other producers have well-established organizations which have greatly benefited both producer and consumer.

HOW THE PRODUCTION OF RAW MATERIALS HAS CHANGED

1. Have you ever been on a camping trip? If so, what things did you find provided by nature? What did you have to bring with you?
2. Name as many industries as you can which are based on the taking possession of natural products.
3. Do you use as many materials in their natural state as your great-grandfather did? Why, or why not?
4. What is the difference between genetic and extractive industries?
5. Which of the following are extractive industries and which are genetic: hunting, dairying, agriculture, lumbering, mining, forestry?
6. Which type of industry is growing in the United States, extractive or genetic? Why?
7. Why is panning not used in modern mining to separate the gold from the dirt and gravel?
8. What is the objection to "dredging" (i.e., the utilization of inferior ore) when the gravel is not particularly rich in gold?
9. How is gold separated from the rest of the ore when it is found in solid rock instead of in gravel?
10. Which do you think is more valuable to society, gold or coal? Why? Which do you think is worth more, a given ounce of gold or a given ounce of coal?
11. Look up in the encyclopedia: peat, anthracite coal, lignite, bituminous coal, diamonds. Arrange them in the order of development.
12. What various methods have been used in mining coal? Which is most common now? Why?
13. What are some of the by-products of coal?
14. How does steel differ from iron? Which is used more today? Why?
15. Name twenty articles which are at least partially made of steel.
16. How many uses of wood can you think of other than building material?
17. Have you ever seen or read of a log drive? Why is this method used?

18. What substitutes for wood are there? Why are these being developed?

19. Draw a series of maps showing where the following products of the United States are found: gold, coal, iron, lumber, wheat, corn.

20. Find out about the work of a forest ranger. Why is such a service necessary?

21. What are the causes for the burning of forests? What steps has the federal government taken to stop such destruction?

22. Find out something about the Hudson Bay Company.

23. Why has the raising of fur-bearing animals been introduced? Is this an extractive or a genetic industry?

24. Why is the fishing industry growing?

25. What is the United States government doing to improve the fish supply?

26. Do you know of any fish which formerly were not considered good to eat but which are used for food today?

27. Do you know of any fish which are eaten by some races but not by others? What are they?

28. In what fashion was cattle raising carried on when the West was first opened up? How is it carried on today?

29. Describe a round-up.

30. Why are cattle sent to the Central States to be fattened?

31. In what way has large scale production been applied to wheat raising?

32. What is the difference between intensive and extensive farming? Which type is increasing? Why?

33. How have improvements in agriculture helped the consumer?

34. Read *The Riverman* and *The Rules of the Game*, by Stewart Edward White. Get a picture of a forest ranger.

CHAPTER V

HOW THE METHODS OF MANUFACTURING HAVE CHANGED

Large-scale production. The industrial revolution has been unlike a military revolution in that there could be no treaty of peace establishing definite agreements which might be expected to remain in force for some time. One change has led to another, which in turn has brought about a third, and so on. The size of the factory has increased from a small cottage workshop to the great group of buildings which today characterizes some of our larger industries. The worker, in most cases, no longer owns his tools, but takes his place at a machine in a factory. He no longer carries on the work of a trade, but instead confines his attention to some single operation. His hours of labor, his wages, and his conditions of work are now controlled by the manager, although the latter may be checked both by the law and by effective union demands. The worker has become a part of the great mechanism of large-scale production. His work will still need to be done carefully in order to insure efficient production, just as each player in an orchestra must play his own instrument correctly if the result is to be harmonious. But he has ceased to be the sole person responsible for the finished work; he no longer plays the solo parts.

Advantages of large-scale production. Large-scale production, which naturally grew out of the new methods of manufacture, has come to stay. As the most efficient method which has ever existed, it provides the economic system under which the lives of most of us must be lived.

Where production can be standardized, large-scale production is the most desirable method, for by it can be obtained increased production with less labor. An organization of this type can buy and sell in large quantities and profit by the resulting economies. It can make use of the most efficient division of labor. It can erect modern machinery, the price of which would lie beyond the reach of a smaller concern. It can utilize its own by-products—that is, products made from the waste of other products—and so gain a greater return than would be possible by the sale of such material in the unmanufactured state. And it can establish its own laboratories with the necessary force of experts, who will be constantly searching for new principles and new ideas for reducing cost and improving quality.

Coöperation and wealth. What we are most interested in, of course, is the question of just how this change in methods of production is going to affect our lives. What do we have to figure on that we should not have had to consider under another system of production? First of all, we have seen how through the ages our dependence upon one another has increased, and as a result how coöperation with one another has become more and more necessary. We know, too, that since large-scale production has decreased the cost of goods, those in very moderate circumstances may have comforts which were denied to kings in olden times.

Mechanical specialization. Of all the changes in manufacturing, division of labor more than any other has reshaped the conditions under which we must live our lives. It is a law of life today that we must specialize or be specialized. Unless we choose some line of work which we should like to do, and become trained in it, we shall be forced into some occupation where training is not necessary, and where we shall become an unthinking cog in the machine of large-scale production. For the simplest form of specialization is mechanical. Invention has developed so far that now-

adays we have machines that seem almost to think, like the printing press or the machine which makes electric light bulbs. But the intelligence has gone into the planning and making of these machines, not into their tending; and the financial return is proportional. The untrained person today has little chance for work other than machine tending or common, unskilled labor.



Drawn by King

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PEOPLE ARE ABLE TO HAVE AND CONSUME MORE

With all their gilt and glitter, the kings of old had not half the comforts and conveniences of the man in the picture.

Mental and manual specialization. If we decide what line of work we shall take up later, we may choose between such occupations as carpentry, plastering, plumbing, or law, engineering, teaching, business; that is, between manual and mental specialization. Formerly the choice was largely determined by the social standing of the occupation and the greater financial rewards which the professions brought. Today manual skill often brings as high a return,

and the decision is made more and more frequently on the basis of individual preference and fitness. But the wise youth will choose to become a skilled worker, manual or mental, and so avoid the danger of monotonous and unsparing drudgery.

Effect of large-scale production upon our choice of work. If we are interested in the actual process of production, few of us can hope to be in charge of a plant of the size that large-scale production has brought into existence. Too much money is required to finance it, and the handling of such enormous sums demands an ability to obtain credit which few of us possess, as well as organizing ability which is far from common.

Not only do present conditions mean that we cannot undertake industry upon a large scale, but also that we may not be able to run a small business in competition with a larger one of the same sort. We cannot buy in such large quantities; we cannot erect expensive machinery to take care of those parts of the raw material which might otherwise be wasted. The cost of production will make such an undertaking almost impossible. Moreover, the attitude of the larger concerns is apt to make it even more difficult. They sometimes even resort to unfair means to remove an undesirable competitor.

Many of us, however, take a greater pleasure in work where we have a larger opportunity to be conspicuous than is possible under the system of large-scale production. We do not possess the ability to manage the greater number of men or dollars which would be necessary in the larger concern, though we may have both the executive ability and the initiative which would make for success in a smaller industry. Moreover, we may be impatient of the "red tape," the routine which cannot be avoided when we have detailed specialization; and in consequence we should be unhappy in subordinate positions. Fortunately for people of this sort, there are certain limitations to manufacture

on a gigantic scale. The production of custom-made clothing and shoes is still, and from the nature of the work must remain, in the hands of individuals or small companies, as well as repair work of most kinds, whether it be of stoves, clothing, automobiles, or houses.

Danger of class distinctions. The change in methods of production affects us in still another way. We have seen that under the present conditions the majority of us must look forward to working for someone else instead of for ourselves. The danger here lies in the fact that there tends to grow up the very thing that our democracy was created to prevent—a division into classes. We read in the papers continually of the “laboring class,” the “capitalists,” the “middle class.” These lines of cleavage are not good for our country; anything that emphasizes the differences between groups instead of the likenesses is a blow at democracy. What we should all be striving for is the good of our country. What we aim toward when we accept class distinctions is the advancement of our own particular class. There grows up a feeling of interest in our group alone—what is known as “class consciousness.” We are not far-seeing enough, whether employer or employee, to realize that the good of each is bound up in the welfare of all, and that the best interests of all are served only when we understand one another and work together.

Danger of loss of pride in work. In the old days there was a chance for a man to take pride in the completed product which he turned out. But when a man stands at a machine all day performing one operation, he is not likely to have much pride or interest in the finished product unless he is an unusual person. He may prefer such a job to a position which pays better but demands more mental effort and greater responsibility; but if he feels that his wages will remain the same no matter what quality or quantity of work he turns out, he has no incentive for doing either good work or much work.

Impersonality of industry. In a small shop an employer will generally come down to his little shop at the same time as the men who work for him. He may greet each one familiarly, often by his first name, ask after the sick wife or the boy at school, and concern himself with the little troubles and happenings of the intimate lives of his workers. Today the large industry has become a very impersonal thing. If a man employs a thousand workers it is a practical impossibility for him to know them all by sight; he cannot know much about their lives outside the shop. A story is told of one man who had worked fifteen years for an employer before he met the latter face to face. Under the old method even if disputes arose as to wages or hours or conditions of work, their settlement was a comparatively easy thing because employer and employees understood each other. But with the lack of understanding which has gone hand in hand with the growth of large-scale production, the method of settlement of these questions has yet to be discovered.

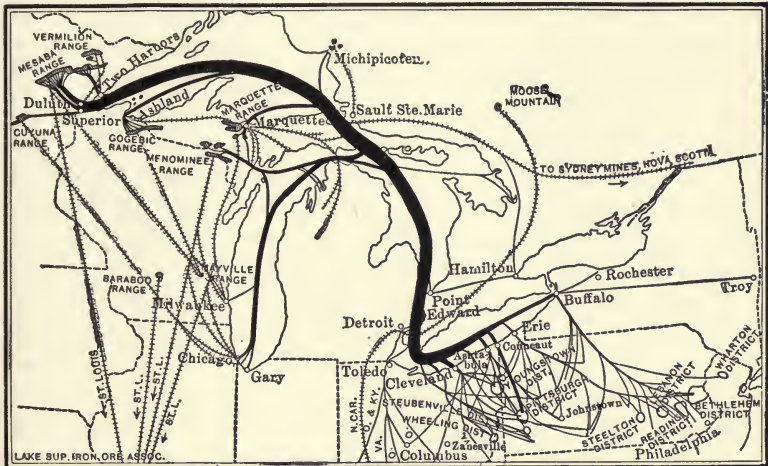
Location of primary industries. There is another way in which this new type of production is destined to affect us as individuals, and that is in the locality in which we work. At no time in the history of mankind would it have been possible for us to raise crops in any place where there was not a more or less fertile soil. We should scarcely expect to dig for coal in our own back yards unless we happened to live in the coal area. Always the location of industries like these—agriculture, herding, mining, lumbering—has been determined by the location of natural products; for these primary industries obviously cannot be separated from the natural resources on which they depend.

Location of secondary industries—nearness to raw materials and power. When it comes to working up the raw material into finished products it is quite a different question. It is just as possible to make collars in Kalamazoo, Michigan, as in Troy, New York, or to manufacture

automobiles in Cleveland, Ohio, as in Detroit, Michigan. Secondary industries, like manufacturing, are not so completely dependent upon nearness to the raw products. Nearness to raw materials would naturally be an advantage, but it is not essential—else New England could hardly be a center of cotton manufacture. At the time when New England began her cotton manufacture she possessed one very important asset, the water power which her streams furnished and which her enterprise developed. In those days water power had to be used on the spot or not at all. Today it may be transformed into electricity and carried hundreds of miles at slight expense. Coal, too, may be carried long distances. But naturally any factory which is located near cheap fuel or water power has an advantage over another not so favorably situated.

Sometimes it is a choice of carrying fuel to the raw materials or raw materials to the fuel. Suppose we were interested in establishing a steel factory. The coal we should want is in western Pennsylvania or eastern Ohio. The iron would probably come from the Lake Superior region. Since it takes more than one ton of coal to reduce one ton of iron ore, it would probably be better to carry the raw material to the fuel. Accordingly, the largest steel centers are to be found near the Pennsylvania and Ohio coal fields. Yet it would be folly to send back the ore cars and the ore ships empty. Accordingly, some coal is shipped from Pennsylvania, Ohio, and Illinois northward to the lake region. So part of the coal which has been carried northward on the ore cars and part of the iron ore which has come on the ore boats meet on the southern shores of the Great Lakes; and other important steel centers, such as Cleveland, Lorain, Ashtabula, and Gary, have grown up. The boats which brought down the iron ore from Lake Superior are also loaded with coal from Pennsylvania, which is carried back to the still smaller steel centers in the Lake Superior region.

Nearness to markets. However, the location of the Lake cities brings to the attention another point to be considered. They are conveniently located for the disposal of the finished product. Actual nearness to markets is not essential; accessibility is. If a great distance is to be covered, the trip must be one that can be made easily and is not too costly. These cities on the Great Lakes have the advantage



MOVEMENT OF IRON ORE TO THE FURNACES

Trace the movement of coal toward the Iron Districts on the same map.

of either the water route (water transportation is always cheaper than land transportation) or the extensive and well-organized railway systems which give them easy access to almost any part of the country or to the eastern seaports.

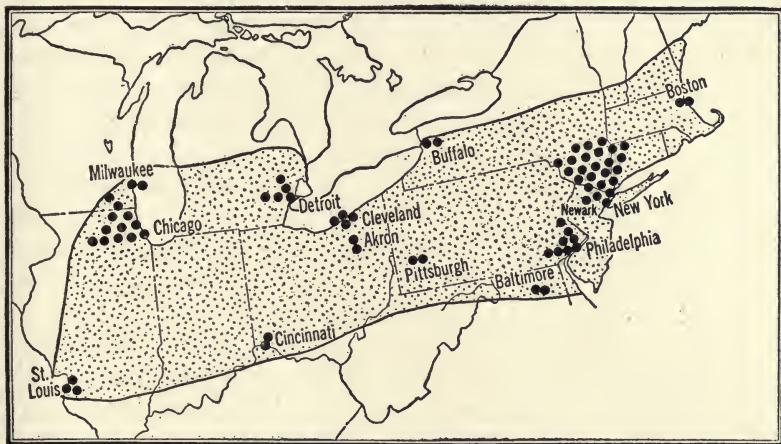
Of course such industries as market gardening, unlike iron and steel, on account of the nature of their product must settle near the consumer.

Labor supply—quantity and quality. But even if we were guaranteed a location where both raw materials and

markets were within easy reach, and where fuel and power were exceedingly cheap, we should not be able to produce unless we had the labor to do the work. We need enough people for it, and we need men and women who are properly trained and capable of doing the work we want done. That is one reason why a new industry is so frequently located in a large city which already seems "overindustrialized." Among so large a population there is a greater chance of finding both the quantity and the quality of workmen needed. This question of labor is the reason why a new collar industry would be likely to decide upon Troy, New York, as a site, or new textile factories might locate plants in the Kensington section of Philadelphia. As workmen skilled along these certain lines are desirable, the best place to go is to a city where there are already many concerns engaged in the same sort of work. Sometimes a new type of industry is established to make use of a hitherto unused part of the population. For example, the silk mills in Paterson, New Jersey, and in the mining regions offer employment to the women whose husbands are engaged in the heavier labor.

Advantage of an early start. When industries first began to be established, chance played a large part in locating them. The shoe business might just as well have been started anywhere as in Lynn or Brockton, Massachusetts. It is well known that cotton manufacturing was established in the New England states about 1812 because the war of that period made it difficult to get English manufactured goods, and at the same time the forced stopping of commerce left the merchants with money on their hands which was ready for some new investment. So, too, the glove industry started in Gloversville, New York, because the Indians had brought their deerskins to that place; and the detachable collar happened to be made first in Troy, New York, by a woman who made them first for her husband and then for her neighbors.

But once such manufacturing had started, other people in the same line naturally gravitated to the place. "Presently quite a few plants of this same industry were grouped together, and then came related industries, such as those which repaired the machinery of the original industries; furnished them certain raw materials; utilized certain of



From Miller and Parkins *Geography of North America*

Courtesy of the Authors and John Wiley & Sons, Inc.

PRINCIPAL MANUFACTURING REGION OF THE UNITED STATES

The shaded region contains about one-tenth of the area of the country, but the value of its manufactures is two-thirds of the country's whole production. The cities shown are the 14 leading manufacturing cities and the value of the production of each is indicated by dots each of which represents \$100,000,000.

their wastes; or elaborated certain of their products."¹ After that it was to be expected that other people would come there whenever they wanted to establish a similar industry.

The producers of raw materials would be in the habit of sending their goods there. Special transport facilities would probably be started. The prospective buyers would

¹ Marshall and Lyon: *Our Economic Organization*, p. 174.

be accustomed to send to that section for the finished goods. Earlier manufacturers would have seen to it that fuel or power was available. A labor supply trained to that kind of work would be on the spot. The banks would be well acquainted with the normal wants of the business and know just how far it would be wise to extend credit. Scientists, lawyers, and accountants would have made a special study of the conditions of that particular industry and their expert services would be easily obtainable. Of course the launching of a new industry would mean competition with older and longer-established firms in the same line, but with the market as widespread as it is today, any new industry might expect exactly the same competition even if its factory were located hundreds of miles away; and there would often be no other place where the advantages of location would be so great as in the very city where similar factories were already to be found.

Other factors in the location of industries. With conditions in Russia as they have been in the period following the Russian Revolution, we should hardly consider that country as a desirable field for establishing a new industry, even if the raw materials, labor, and all the rest were easily obtainable, and the prospect of high prices for our product attracted us. We should be too uncertain of the safety of the concern. Perhaps as soon as we were well established the government of that particular moment would see fit to confiscate all our possessions. Maybe a clash between the military authorities and the populace would happen to take place in our back yard, and we—as is usually the case with the “innocent bystander”—would pay the penalty. It would be better to forego the chance of higher profits and betake ourselves to some place where the social environment was more likely to assure us peace and the security of our property.

Neither should we be likely to establish a meat-packing plant or a soap factory in a residential district. Nor should

we care to locate in a place where there was friction between the employers engaged in our sort of work and the men whom they employed. We should be afraid that the laborers who came to work for us would class us with these other employers, and treat us accordingly.

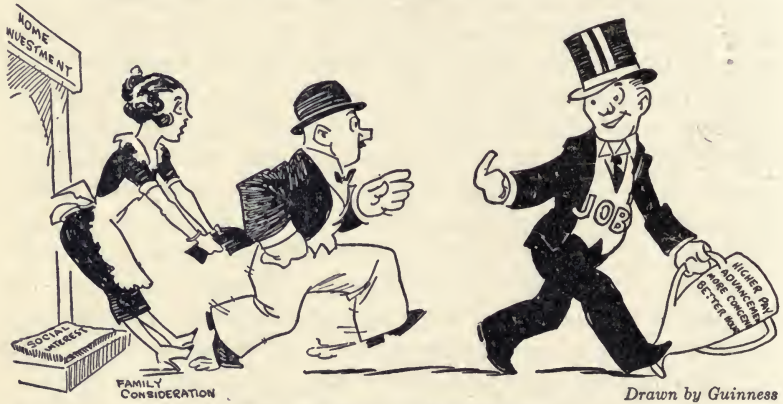
If we were wise, we should not establish our factory in a place where living conditions or housing facilities for our workers were unsatisfactory, or where there was not adequate and desirable provision for their recreation hours. Many factory owners have done this, but such conditions tend to make the laboring force restless and dissatisfied. We should have to reckon on a high "labor turnover"; that is, we should have to expect that our workers would be continually leaving us so that we must be continually employing new ones to fill their places. It is very expensive for the employer to be constantly training new employees. People have talked a great deal about the "economic man"; but there is "no such animal." You and I, and everybody else, are largely influenced in our work by things that have nothing at all to do with getting a living. So if we, as prospective employers, wanted to establish an industry with the best possible chance of success, we should need to take into account the human side of the problem.

Effect of location of industries upon vocational choice.

Once more we may stop to question exactly how such facts as these are likely to affect our lives. For one thing, we shall not be able to have as wide a choice of vocation as we should if the localization of industry were not an established custom. We naturally have a better chance to enter those lines of work which are centered in our own section, and which are continually in search of human material like us to fill their demand for the labor they need. Of course we could change our location. A few will do so, but more of us are likely to remain where we happen to be. We tend to stay in one place, or to follow one line of procedure, until we are shaken out of it by some force outside ourselves.

Then, too, we are likely to have family ties and family responsibilities, and it is no easy thing to move an entire family from one place to another. A single individual may be willing to take such a chance, but it is entirely different when it comes to pulling an entire family establishment up by the roots and transplanting it somewhere else where the surroundings may happen to be less fortunate.

There is also the expense to be considered. Most of us do not have money enough to move frequently, even as individuals. If we have the money we do not wish to risk



TWO SIDES TO THE QUESTION

it on an uncertainty, for if we move to a new position it is very likely that we have had to take it without personal examination of the conditions under which we shall have to work. Consequently, like Shakespeare's Hamlet, we would rather "bear those ills we have than fly to others that we know not of." It is much easier to remain than to go; so we stay.

We are living today in an environment far different from that of our ancestors—different, even, from that of our parents. So rapid is the progress of invention that the world we shall live in ten years from now will probably

be quite different from what it is today. And we need to be sure that we understand about it, sure that we see what we must do if we wish to keep up with the procession. Only by careful examination of the world and those that dwell therein shall we be fitted to make the decisions which we shall be called upon to make. And the penalty for a failure to judge rightly is disaster.

HOW THE METHODS OF MANUFACTURING HAVE CHANGED

1. Is it right to call the Industrial Revolution a revolution? Explain.

2. Which do you think has influenced our life more, the Industrial Revolution or the American Revolution? Explain.

3. Give five reasons why large-scale production is cheaper than small-scale production.

4. Make a list of ten by-products, telling from which commodity each came.

5. Why should large-scale production mean an increased need of coöperation?

6. Make a poster showing as many kinds of people as you can on whom you are dependent.

7. Why have large corporations tended to drive the smaller concerns out of business? Is that a good or bad thing for society?

8. Are there any advantages which a small firm would have over a large one?

9. For which should you, personally, rather work, a small concern or a large one? Give reasons for your answer.

10. Make an outline showing the advantages and disadvantages of large-scale production.

11. Should you enjoy working in a factory on a machine? Give your reasons.

12. What are the three types of specialization? Which type gives the least financial return for our labor? Why? Of what advantage is education in this connection?

13. Look at the want advertisements in the daily paper. Of which type of specialization (mechanical, mental, or manual) do you find the greatest number of "situation wanted" advertisements? Which types seem to pay the larger wages? Why?

14. Do you think machine workers would take a greater interest in their work if the employers took the trouble to explain the various processes and their relations to one another?

15. What sorts of positions can we fill if we do not want to take subordinate positions and yet lack the ability to hold a high executive position? Give examples.

16. What is meant by the *impersonality of industry*? How does it affect the creation of classes? Can anything be done to make industry less impersonal?

17. What is meant by *class consciousness*? What effect is it likely to have upon political life? Have you ever seen any examples of this?

18. What line of work do you expect to take up? To what extent is your decision influenced by the locality in which you live?

19. Make an outline showing the types of industry.

20. Which of the following industries are primary; which are secondary: mining? manufacturing? commerce? agriculture? dairying?

21. List the factors which determine the location of a manufacturing industry. Which seem to you the most important?

22. Why would you expect each of the following to be a manufacturing center: Chicago? Detroit? Gary? Birmingham?

23. Where are the three most important steel centers (not including Birmingham, Alabama) in the United States? What have been the reasons for locating steel manufacturing in these places?

24. Why is there less commerce involved in steel manufacturing at Birmingham, Alabama, than at Pittsburgh, Pennsylvania, or Gary, Indiana?

25. What can you find out about the building of Gary, Indiana? How does this city fulfil the requirements for a well-located manufacturing city?

26. What conditions make it difficult for workers to remove from one section to another? On the whole, is it a good or a bad thing? Explain.

27. Has your family moved recently? If so, write a composition telling exactly what had to be done.

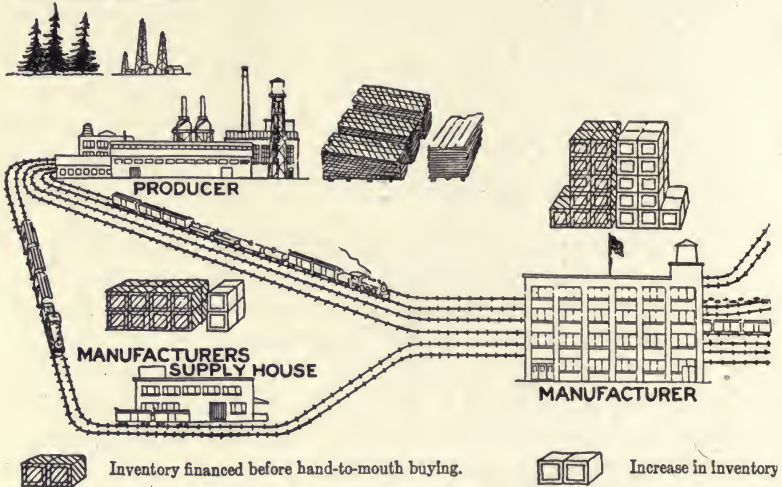
CHAPTER VI

HOW THE WORK OF ONE MAN IS CARRIED TO OTHERS

The middleman. If your mother needs bread or flour, or sugar or eggs, she probably asks you to go to the store for them. Perhaps when you were very young you believed that everything grew in bags or barrels or tin cans. When you were older you realized that commodities arrived in such forms only because it was easier to transport and sell them thus. You realized, too, that the middleman—your old friend, the storekeeper, or one of those others who, like him, stood between the producer and the consumer—was just as necessary to the satisfaction of your wants as the man who made the goods.

Convenience of middleman service. For one thing, it would be impossible for us to get in touch with every man who produced an article of which we were in need. We may some day be able to send a personal radio message from here to California or Florida, but even then the owner of the orange grove would not be likely to send us individually a dozen or two of oranges. Then, too, we should not be able to tell a week in advance just how many oranges we should be likely to consume. We might have unexpected company and need more than we had anticipated, or some of the family might go visiting and we should need fewer. Moreover, if we had to send in an individual radio call for each article we should have to spend most of our waking hours on this one activity. If ordered in this way, we should not be able to see what we were buying, and, because the seller was so far away, it would be impossible to make proper adjustment if the goods were not satisfactory.

RAW MATERIALS

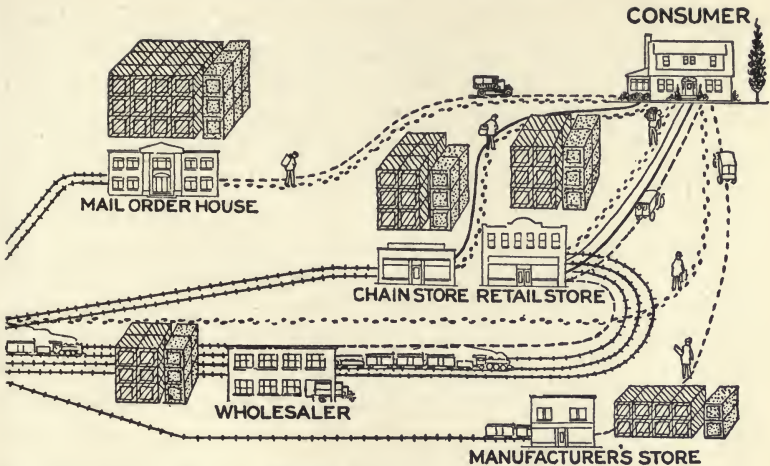


HAND-TO-MOUTH BUYING AND HOW

How far have consumer and retailer been relieved of carrying stocks? Is it has fallen back upon the manufacturer? Has the manufacturer passed

Consequently the middleman gets his return for saving our time and enabling us to spend it in a more profitable manner, and the more time he saves us the more we are willing to pay him for his goods. For this reason the neighborhood store might be justified in charging more for its commodities than the larger store which is a greater distance away. The grocer near at hand knows that he cannot have as rapid a *turnover* of goods; that is, he knows that he cannot sell all his stock and buy new goods as rapidly as can a man in a more central location. But he knows, too, that a great many of his customers will not want to spend the time to go a great distance, and as a result will be content to pay the higher prices which he has to charge.

Reasons for differences in middlemen's prices. Many stores deliver goods. Still others send out men to take



under hand-to-mouth buying.



Decrease in inventory under hand-to-mouth buying.

Adapted by courtesy Magazine of Business

IT AFFECTS THE SELLERS' STOCKS

the wholesaler's rôle strengthened or weakened? How much of the burden it back to his supply house or to the producer of raw materials?

orders from the busy housewife, who is willing to pay the slightly increased price for the greater convenience of this method. For the same reason, certain firms make a point of carrying only the best and most reliable goods, and a telephone call will be just as sure to bring satisfactory goods as a personal trip to the store. But of course this reliability, which results in the saving of time, receives a greater return in the form of a higher price.

Time versus money. The whole matter turns upon the relation between the time and money at our disposal. If we have more money than we have time to expend we are apt to go to the nearest store, or to telephone our order. If our bank account is low we are apt to take the longer trip to a "cash-and-carry" store, where we pay very little for service and get our money's worth in the goods themselves. The very same idea underlies Mother's and Father's

dispute about shopping. Mother "shops" all over town, comparing prices and qualities, and then buys where she can get the most for her money. Father goes to the nearest dependable store and buys the first thing the clerk shows him—provided that it is reasonably satisfactory and the price does not seem unfairly high. Mother feels that Father is a little careless in the matter of expenditure. Father feels that Mother wastes unnecessary time and energy, especially as she often goes back to the first store to buy the thing she looked at first. As a matter of fact they are both right. It is Father's business to economize his time in order to make money to meet the family expenses. It is Mother's business to make the money go as far as she can. Father's time is more valuable if spent on the particular business for which he is trained. Mother, busy as she is, generally has more time than money, and is less willing to pay for middleman service.

Large-scale middleman service. The middleman is of use to us for another and less easily noticed reason. We can see how he saves time for us in bringing together the ingredients which we need for making a loaf of bread, or the material, pattern, thread, needle, and whatever else is necessary to the making of a dress. But we do not realize that middlemen have been performing the same sort of service for firms which produce goods as the grocer or dry-goods merchant has for those who consume them. If we buy a can of salmon, one middleman has probably been responsible for the tin for the can, another for the paper used in the label, a third for the solder which sealed the can. The flour miller very likely bought his barrels and bags from some middleman. The vegetables we buy in the produce market were probably obtained through a commission merchant, who disposed of the produce of a great many individual farmers who would not have been able to attend to the sale of what they had raised. Each of these has saved the time not of you and me, but of the

various producers, and as a result has enabled them to raise or manufacture some particular product more cheaply than they could have done without such help.

Types of middlemen. When we pick up a newspaper we do not often see the word *middleman* used. Yet there is hardly a paper without dozens of examples of such persons. Every advertisement which we read, with the few exceptions of the "producer to consumer" type, is calling to our minds the wares of which some middleman wishes to dispose. Every financial page gives both general and special information about middlemen, though here they are referred to as "wholesalers," "jobbers," and "retailers." For there is specialization even among middlemen, and frequently articles pass through many such hands before they reach the ultimate consumer.

To begin with, there is the special wholesaler. He is very much of a specialist, and deals in very few lines. He may have cotton waste, or wool, or sheet iron, or artificial silk yarn; but whatever he carries he is likely to handle in large quantities.

Then comes the general wholesaler, who does not limit himself to so few kinds of goods, but as a result handles smaller amounts of each kind. The retailer—the middleman whom we know best—carries far more kinds of goods, but only a small amount of each, for he knows his customers demand great variety and small amounts.

Generally, goods proceed from the producer to the special wholesaler, then to the general wholesaler, from him to the retailer, and finally to the consumer. But there is no fixed arrangement here. One, two, or even three of them may be left out. The producer may sell to the jobber (general wholesaler) and eliminate the special wholesaler. The wholesaler may sell to the retailer, or in some cases to the consumer; and many times we find the consumer buying directly from the producer, doing away with the whole middleman service.

The reason for the general wholesaler. Most of us find it hard to see why there has to be a general wholesaler. We can see the value of the special wholesaler and the retailer, but the other seems to be a needless expense. Yet suppose there were three manufacturers, one dealing in pens, another in stationery, and a third in ink. There were a good many drug stores which carried these in addition to many other commodities, and could consequently order only small amounts of each. If the stationery concern sent out a representative, the small orders he would receive from these little stores would not pay his expenses. The pen dealers and the company which sold ink would meet with exactly the same conditions. There would be a market for their goods, but the marketing would be too expensive. Here is where the general wholesaler steps in. If he deals in stationery, pens, and ink, one salesman can take orders for all three, finding the field profitable for one man, though it would not support three.

The number of middlemen. Just as we said that our willingness to pay for the middleman service depended upon the relation of the time and money we possessed, so the number of middlemen in a community is an index of its prosperity. During the war, when time was at a premium, and "money was no object," when orders from foreign governments as well as from our own government at home kept production at a maximum, the number of middlemen grew rapidly. And to the extent that they succeeded in speeding up the business of exchanging goods, they were worth what we paid them. When the war closed, however, time ceased to be so great a factor. The production of munitions and other war materials was at an end, men were thrown out of work, and the demand for all sorts of goods decreased. Time was relatively less important, and money relatively more so. As a result, the need for middlemen was not so great, and many business failures resulted. To a lesser extent a crop failure, or a period of



Courtesy J. N. Darling and Collier's

CRACKING THE WHIP

depression, or a panic, or a business boom will be mirrored in the position of the middlemen.

Transportation. But the men who carry the goods from the producer to the consumer are very dependent upon another group of men who may never look upon the goods, but are just as necessary in enabling us to get them. In the days when our prehistoric ancestor raised practically all his own necessities of life, the few things which he obtained from other people traveled only a short distance to reach him. Today our oranges come from California, our tea from China, our spices from the East Indies, our silks from Japan, our wool from Australia. And these things could never be brought within our reach if it were not for what we call transportation.

All physical work consists in moving pieces of matter from one place to another, but when we measure the distance we have moved them in miles rather than in inches, feet, or yards, we call such work transportation. The

horse that hauls the farmer's crops over a poorly kept dirt road, the auto truck that brings to the city the garden stuff from the neighboring truck gardens, the locomotive with its serpentlike following of freight cars, the canal boat, the lake freighter, and the ocean steamship are all a part of the great network of transportation.

To realize how very dependent upon transportation we are, all we need to do is to imagine what would happen to us if suddenly all the transportation facilities in the world broke down. Suppose every horse should go lame, every auto truck should develop engine trouble, every locomotive and every steamship should be put out of commission. How long do you suppose the population of this country could continue to exist? We ordinarily do not stop to think just what part this great system of transportation plays in our life because on the whole it works so smoothly that we are apt to take it entirely for granted. It is only when the shortage of freight cars is responsible for a rise in the price of coal, or when a threatened strike of engineers, conductors, and brakemen bids fair to tie up the whole railway system, that we suddenly become conscious of the fact that well-ordered transportation is very necessary to smoothly running existence. The Atlantic and Pacific coasts, the Gulf of Mexico, and the Canadian border have been tied together by the great transcontinental railway systems. These systems were formed by the consolidation of smaller lines, are administered by some of the keenest minds which America has produced, are owned by thousands of stockholders, and are made safe for the public by the Interstate Commerce Commission. The Old World and the New have been joined by the development of steamship lines, until space itself seems almost to have been annihilated.

Early transportation. But this system of transportation did not suddenly spring into being. Like every other phase of present-day life it has been the product of a slow and

uneven development. Our early ancestor probably made use of the rivers and streams which were near at hand and safe for travel; and perhaps, with the help of his fellows, trod a path through the dense underbrush in order that he might go on foot from one place to another.

As time went on, and his descendants had domesticated animals, the use of beasts of burden made possible the transportation of greater loads than had been possible for unaided human muscles. The inventive sense of these descendants had developed the raft of their ancestor into rude boats which could be more readily handled and were less at the mercy of the wind or the current. Crude villages sprang up where the various lines of transportation joined, and, as population increased, the villages grew to towns and the towns to cities.

Water transportation. Water transportation had developed more rapidly at first than land transportation. Water transportation is always easier and cheaper, and in those early days time was so small a factor in human life that the additional time which water transportation always requires was hardly worth considering. Consequently the earliest cities were located where there were advantages in water transportation—Canton, Calcutta, Nineveh, Babylon, Tyre, Constantinople, Venice, and London. As the desire for luxuries increased, however, the silks, gold and silver, and precious stones which constituted the “wealth of the Indies” were brought by caravan, and such cities as Damascus and Palmyra in Western Asia and Troyes and Nuremberg in Europe grew up along the way.

When the invention of the keel made the sail useful whether the wind was favorable or not, and when the compass enabled the sailor to venture out of sight of land and still keep his bearings so that he might reach his destination, the sailors dared to leave not only the rivers but the enclosed seas and traverse the broad, uncharted ocean. Columbus, Vasco da Gama, and others opened up the

unknown portions of the globe, and the nations which had formerly turned their backs to the ocean now faced it. The very ocean which had once divided people had now come to unite them.

Land transportation. Meanwhile the development of land transportation had not fallen behind that of the sea. Beasts of burden and men alike found the use of a wheeled vehicle a great aid in the carrying of loads. "In some of the backward districts of China porters still carry huge loads, and it is amazing what loads a man can carry who has been trained to it all his life. But when the road has been made suitable for wheeled vehicles, the porter can haul about three times as much on wheels as he can carry. On a paved street or a macadamized road in the country a pair of good horses will haul two to four tons."¹

Mechanical aids to transportation. With the coming of the industrial revolution, mechanical power was substituted for animal power in transportation as well as in manufacturing, first in the development of railroads, and later in the use of the auto truck. And just as the improvements in the methods of carding, spinning, and weaving kept pace with one another, so every advance in methods of transportation required a like improvement in the quality of the road or track. The dirt roads, usually badly out of repair, gave place to the carefully kept toll roads, or turn-pikes.

"The acme of track building, however, is the railway, where the steel vehicle runs on steel rails. The friction and loss of power between the wheel and the track is reduced to the minimum. In a similar way the modern locomotive is the climax of the development of mechanical power. Thus the improvement in mechanical devices goes hand in hand with the improvement in road or track. The first locomotives were small and crude affairs as compared with the magnificent engines which now haul our freight and

¹ Carver: *Principles of Political Economy*, p. 238.

passenger trains. The magnificent engines of today, however, could scarcely run on the old-fashioned railway track with its light iron rails. Improvement in the manufacture of the steel rails has had to go hand in hand with the improvement of the locomotive engine.”¹

Cost of transportation. With these changed methods in transportation, the cost of transporting goods a ton mile (one ton carried one mile) has grown steadily less. For example, “in China one man with a pole and baskets will carry eighty pounds about twenty-five miles a day at a cost of ten cents, or at the rate of eleven cents a ton mile.

“Two men with a wheelbarrow will move from three hundred fifty to four hundred pounds a distance of eighteen or twenty miles in a day at a cost of twenty-six cents, or about eight cents a ton mile, and camel trains or pack animals are a little cheaper.

“Compare this, if you please, with the freight charges of our great trunk lines, say the Saint Paul, with an average charge of six and one-half mills a ton mile, or the New York Central and Pennsylvania systems with average charges of only about six mills a ton mile. The average of all our American railroads is less than one cent a ton mile, while on some commodities it is as low as three mills.

“Remember that this Chinese cost of transportation—twelve and one-half times greater than the average rate of all American railroads and twenty times greater than that of some of our great systems—is paid by a people whose wage scale and standard of living is less than one-twentieth that of our own. So that the actual proportionate cost—that is cost in proportion to ability to pay—of such transportation to the Chinese people is from two hundred fifty to three hundred times greater than the cost of our transportation is to us.”²

¹ Carver: *Principles of Political Economy*, p 240.

² Guy Morrison Walker: *The Measure of Civilization*, New York, p. 56.

So, too, have the improvements in roads helped to reduce the cost of transportation. Much that needs to be transported is not produced close to a railroad. Anyone who has tried to drive a wagon or an automobile over a poorly-kept dirt road knows how much harder it is to carry a heavy load over it than it would be to transport the same load over a well-constructed macadamized road.

Widening of markets. Thanks to the transportation that has tied the world together, we need no longer buy and sell in a local market. Goods are carried from one end of the world to the other. "Trade is so easy that we brush our teeth with bristles brought from Siberia, eat sugar from the tropics and pepper raised in Sumatra or the south of China, wash with soap made in part of materials that came from Sumatra and scented with herbs from France, and wear shoes made of leather from the Argentine. We carry money of silver from Bolivia; our teeth are filled with gold from Alaska. We wrap ourselves in furs brought from Labrador and wear a watch made in Switzerland of steel from Germany and gold from South Africa. In fact, everything we wear and use is probably carried anywhere from ten miles to twenty thousand miles, and is the product of so many processes that we are utterly at a loss to know its origin. If we wanted to go through to the bottom of our daily comforts, we should find it perfectly impossible to trace them, so many and scattered they are. . . . This has transportation done for us!"¹

Utilities. The producer has changed the form of commodities. He has taken the bale of cotton or the iron ore, which in their original form were of practically no use to us, and has manufactured them into the cotton cloth and steel of a myriad uses. He gives what we may call *form utility* to the goods which pass through his hands by changing them from a less useful to a more useful form. The transporter has done more. He has taken the oranges

¹ Forbes: *The Romance of Business*, p. 135.

from California and the apples from Oregon, where relation between supply and demand makes them of comparatively small value, and has carried them to a locality where the very scarcity of the supply makes them worth a great deal. He has given *place utility* to these commodities. In like manner, our friend the middleman has done his part in storing the ice, eggs, or cotton in a season when they were overplentiful or little needed and has given them to us when we were most desirous of them. His part has been to create *time utility*. Finally, one particular sort of middleman, the retailer, has given the final utility—as far as we are concerned—when he transfers the commodity into the hands of the people who can actually use them. A hardware merchant could never find a personal use for the several hundred jackknives which he may have in stock; but when he transfers the ownership—for a price—to several hundred active young urchins there is no danger that the knives will not be used. He has given *personal utility*. Personal utility is added when an article is transferred from a person who has no use for it to one who has use for it. Each one has had his part in the intricate system by which the goods we need are carried through countless hands into our possession—into the hands of the ultimate consumer.

HOW THE WORK OF ONE MAN IS CARRIED TO OTHERS

1. Why do we have middlemen? Would there be more or less work carried on if there were no middlemen?

2. Look up *profiteering* in the glossary. Are you willing to pay a man a fair profit for the service he renders in bringing you your goods? Are you equally willing to pay a profiteer the price he asks?

3. Make a list of all the middlemen who have served you in the last week.

4. How many grocery stores are there in your neighborhood? How many of them are chain stores? Which stores charge the higher prices? How do you explain this?

5. Why can the five-and-ten-cent stores charge a very much lower price for many of the commodities they carry than other stores are able to do?

6. Some stores are being organized which arrange to have all the ordering done by telephone. How could they be able to compete with a cash-and-carry store?

7. What are the advantages to a housewife of doing her own marketing? the disadvantages?

8. Make a list of all the expenses you can think of which would make the middleman charge more for the goods than he paid for them.

9. Is a person who gets goods cheaper by "shopping" in many stores for an article better off financially than one who buys without much "looking around"? Under what circumstances would you advise such a practice?

10. What would be the result if all middlemen were done away with and all exchange of goods were directly from producer to consumer?

11. Make a poster showing the progress of a loaf of bread (or any other commodity) from the producer to the consumer.

12. When are middlemen likely to be prosperous? Explain.

13. Why should there be a need of an increased number of middlemen during a war? Would these additional workers be performing a real service to society? Explain.

14. Cut from the newspaper several clippings which show the various kinds of middlemen and bring them to class.

15. Make a diagram as follows:

	Number of Lines Carried	Amount of Each Line Carried	Goods Carried from	Goods Carried to
Special Wholesaler	Few	Large	Producer	General Wholesaler
General Wholesaler				
Retailer				

16. Make a list of all the methods of transportation of which you can think. Which is the cheapest? the quickest? can reach the most places? requires the greatest investment?

17. Make a map showing the chief railway systems of the United States. How do you account for the fact that railway transportation has increased so much more rapidly than canal transportation?

18. Look up, in an American history or an encyclopedia, the story of the growth of American railways, showing when they started, period of greatest expansion, present extent, and the names of at least five men connected with railway building.

19. Look up in the glossary *charging what the traffic will bear*. Would you expect railroads to charge the same price for carrying a ton of coal as you would for carrying a ton of high-class furniture? Does any other element enter into the cost beside the greater care needed to look after the furniture properly?

20. What would be the effect on business if the trainmen should strike?

21. In what way were the turnpikes an improvement over the earlier dirt roads? Why was that system not so satisfactory as the present?

22. Can you see any characteristics in our modern life which have made railway transportation develop more rapidly than canal transportation?

23. Read Kipling's *OO7*. What do you learn from it about railway problems and organizations?

24. What effect would the shortage of transportation facilities have upon the price of an article? Explain.

25. How much exchange would there be between Europe and America if there were no ships larger than those in which Columbus sailed?

26. What part do the state and national governments play in the building and upkeep of roads? Is the money well spent? Why?

27. How has the foreign commerce of the United States increased since 1850? Make a graph showing the growth for periods of ten years, using red lines for exports and black lines for imports.

28. Are the men who give place and time utility to an article really producers? Explain.

29. What will be the effect on the cost and time of transportation when airplane service is established?

CHAPTER VII

HOW MEN PAY FOR GOODS AND SERVICES

The reason for money. The love of money may be "the root of all evil," as Paul says, but money is a very necessary root for many things that none of us think are evil. Moreover, it is one of the motives back of most of the useful work that is done. Without money we should never be able to carry on the complex business of modern nations, and such things as detailed specialization and fine division of labor would be utterly impossible. In the old days, men produced nearly everything they wanted for themselves. If one man wanted something which another man had, he could get it only by offering the other man something which the latter desired. He might exchange a piece of meat for some grain, or a skin for some pottery, or some cattle for a wife.

Steps in the development of money. This exchanging of goods for goods is known as barter. It worked well only so long as each man had what the other desired at the time when he wanted it. But such a "double coincidence of wants" was not frequent, and as a result people began to look for some commodity which had a common value, and which practically everyone was willing to take at any time. The early colonists in America found the Indians using a kind of bead currency known as wampum. The Hudson Bay Company and other companies that traded with the Indians developed a skin or fur currency, in which the skins of various animals were recognized as standards of value and exchanged at the ratios agreed upon. In ancient times the various European peoples

used cattle as currency, but this *commodity money* was too bulky and too uncertain in value to be a satisfactory solution of the problem, and it gave place to metallic bars and rings, which in turn made way for the coined money with which we are familiar.

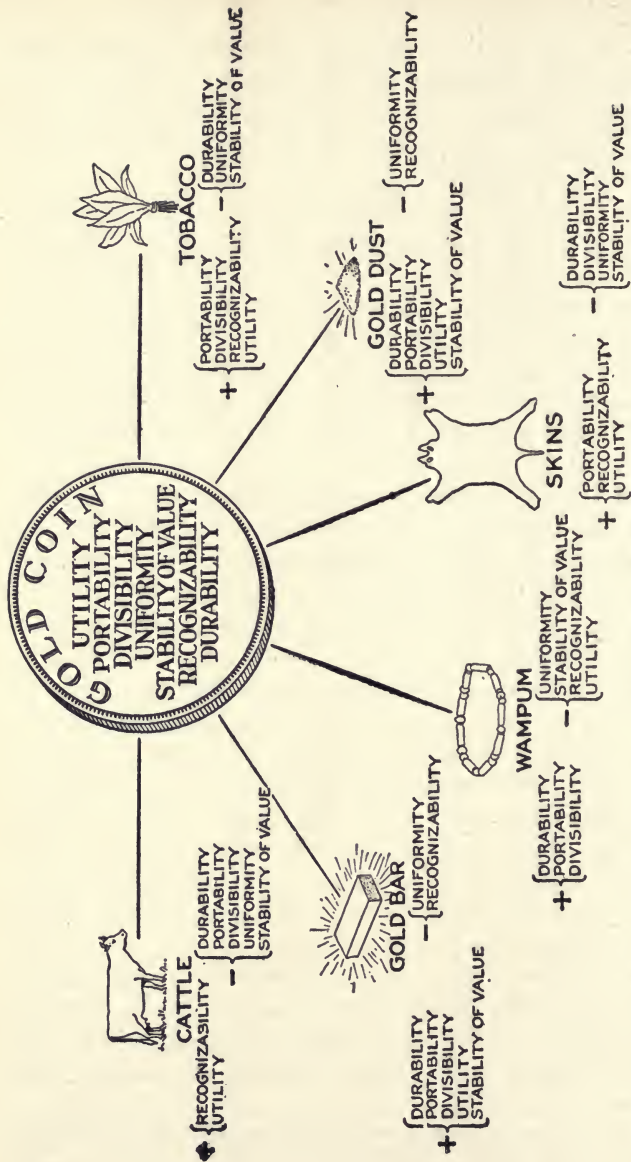
Portability. Let us see why it is that coined gold or silver is so much better than these other kinds of money. Suppose, for example, that in our community cattle were the medium of exchange. If we were to go down town to buy three yards of cloth, we should have to take our cow money with us, an inconvenience to us and to all whom we happened to meet, but we can carry coined money in our pockets, and passers-by do not even know that we have it.

Divisibility. If we took our cow and went down to the neighboring store to buy a toothbrush we should have a hard time arranging with the storekeeper for the purchase price. We cannot "break" a cow and get the proper change in return, but we should have no such difficulty with a five-dollar bill.

Uniformity. Suppose we were out of cow money and wanted to buy some woolen cloth. We might borrow a cow from a neighbor and return a cow to him a week or a month later, but the cow we returned to him might be worse or better than the cow we borrowed.¹ It would be a very unlikely thing for it to have exactly the same value as the one we had received. But if we borrowed twenty-five dollars, and returned twenty-five dollars, the value would be the same.

Stability of value. If we should borrow a cow in the spring and (supposing it to be possible) in the fall return one exactly like it in height, weight, and age, even then we should not be giving the exact equivalent, for the value

¹In some of the American colonies cattle were taken for payment of taxes. The selectmen used to complain of the "lean kine" that were paid in.



QUALITIES OF MONEY

Most commodities used as money have had some of the qualities necessary for good money, but coined metal alone has possessed them all. Hence, coined money has proved the most efficient medium of exchange for general use. For greater convenience, paper money and the various forms of commercial paper are largely substituted in civilized countries. But only when there is sufficient coined money to make the owner of paper money feel certain that he can redeem his paper for it, has the paper money its face value. This is shown by the depreciation in value of greenbacks during the Civil War.

of cows is likely to differ with the season of the year. But to coined money the seasons are alike.

Recognizability. Even a farmer cannot tell by looking at a cow just how much she is worth. The amount of milk she gives and her disposition are among the important factors determining her value which cannot be recognized at a glance. But a ten-year-old boy or girl knows a dollar when he sees it.

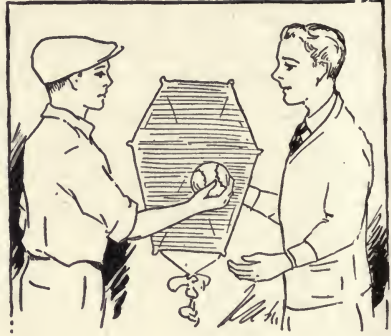
Durability. Suppose that wheat were the money used and we decided that we wanted to lay aside part of our earnings each year so that when we grew old we should be able to take care of ourselves. So we put aside ten bushels of grain each year in anticipation of having them for our support in our old age. But by the time thirty or forty years had passed, much of the grain would be unfit for use. If we had put by a hundred dollars in gold each year we should find that it was in as good condition as it had ever been.

The advantages of coined money. Of all the requirements of a good money, then, cattle have only one that cannot be questioned—that of utility. They have portability to the extent that they can carry themselves, though they would be very inconvenient to take around with us; and they have recognizability to the extent that we know they are cows and not geese or swine. Grain and tobacco would have in addition divisibility, but they would lack the other qualities. Gold bars and rings would add durability and stability of value, but they would lack complete recognizability, and they would not be uniform. When the old Egyptians and Babylonians used such money it had to be weighed at each new transaction. Even in more recent times, during the “gold rush” in the mining towns, every store kept scales for weighing gold because the miners so frequently paid in gold dust instead of in coin. Besides, in stamping its imprint upon the coin, the government guarantees the fineness and uniformity of the metal of which it is



MEDIUM OF EXCHANGE

This man is exchanging his work for a book. He can't work for the bookseller, so he works for someone else and pays the bookseller from his pay envelope.



STANDARD OF VALUE

In exchanging the kite for the ball each boy remembers that the ball and the kite each cost a quarter. The values are compared by reference to a common standard of value.

made. It is only our coined money which possesses all the necessary qualities—utility, portability, divisibility, durability, recognizability, uniformity, stability of value; and even it did not have stability of value until it was both stamped and milled so that no one could clip off a bit around the edge.

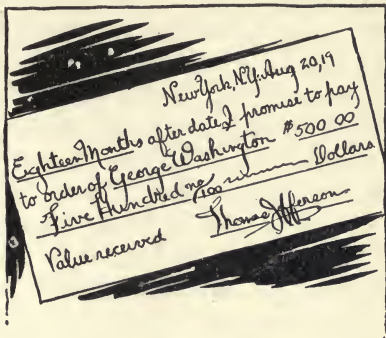
Medium of exchange. It is easy to see how money serves as a medium of exchange. If we run errands, or work in a store, we expect to be paid in money. Yet, if we were told that we could have the money only on condition that we promised not to spend it ourselves or let anyone else spend it for us, we should not care to be paid in such a fashion. The mere possession of money does not interest us. What we are concerned with is what we can get for it when we spend it.

Standard of value. But money is valuable in other ways. If two boys of the present day wanted to “swap” a knife for a handful of marbles, both would be likely to calculate the value of the knife and of the marbles in terms of money,



STORE OF VALUE

Time and moths and changes in fashion have made worthless the once good coat, but the forgotten coin in the pocket is as valuable as it ever was.



STANDARD OF DEFERRED PAYMENT

The money called for by this note will be worth as much when the note is due as when the note is made. The value of gold changes too slowly to affect ordinary notes.

and then they would make their exchange upon that basis. No actual money would have been used in that transaction, but the idea of money would have appeared as a measuring stick, a common denominator, a standard of value.

Store of value. If we wish to be thrifty and save something "for a rainy day," we cannot do it by saving the commodities themselves which we shall require. If we bought clothing today it would not be satisfactory twenty years hence. If we bought bread or meat they would keep scarcely a week. But we can save money and when we wish commodities we can exchange the money we have saved for the goods we want. So money is very helpful to us as a store of value.

Standard of deferred payment. Again, if we buy goods and do not pay for them when we get them, our creditors want to feel certain that they will receive full value when they are paid. That is why metallic money is so much better than other money. Suppose that wheat were used instead. If we should purchase a coat in the spring and

pay for it in the fall there would be a small chance that the value of the wheat would be the same at the two periods. It would probably have changed, however. If there had been a drought, the value of the wheat would have risen. If there had been a bumper crop, the value of each bushel would have fallen, and the seller of the coat would find that its purchasing power had diminished. Gold, on the contrary, changes in value very gradually over long periods of time, while its changes over short periods of time are so small as to be imperceptible. Although the gradual increase in the amount of gold in circulation over long periods of time has meant a steady rise in price levels (which is another way of saying a lowering in the value of gold), the change does not generally occur rapidly enough to upset business. As a standard of deferred payment, then, gold is to be relied on, at least for short periods such as a month or a year.

Token and standard money. Most of the time, when we go down to the store we do not take gold coins or even silver dollars. We are much more likely to have bills of various kinds or half-dollars, quarters, dimes, nickels, and pennies. This brings in a new aspect of money, for everyone knows that a piece of paper is not itself worth a dollar, or five dollars, as the case may be. There is not a cent's worth of copper in a penny, nor five cents' worth of nickel in the coin of that name. These small coins, as well as the paper bills, are commonly called *token money*, whereas gold coins are *standard money*. By standard money is meant money whose exchange value is determined by that of the material of which it is made. Token money, on the other hand, derives its exchange value from the fact that standard money will be given in exchange for it or that it will be accepted in place of standard money. Gold coins are standard money not only because they are declared so by act of Congress, but because of the fact that the metal in a gold coin is worth as much as the coin itself

is worth. The stamp merely certifies to its weight and fineness, and the law declares it to be *legal tender*; that is, it must be accepted in payment for all debts. The reason the metal in a gold coin had the same value as the coin was that the government mints (before 1934) would take any quantity of gold, above a certain minimum and of the proper degree of fineness, that anyone brought and give him back an equal weight in the form of coin. If coin should ever become more valuable than bullion, everyone who had any bullion would rush it to the mint to get the coin. This is called *free coinage*.

KINDS OF MONEY IN THE UNITED STATES

	COIN	PAPER MONEY
<i>Silver</i>	dollar	gold certificates
	half dollar	silver certificates
	quarter dollar	treasury notes
	dime	United States notes
<i>Nickel</i>	five-cent piece	(greenbacks)
<i>Bronze</i>	one-cent piece	National bank notes
		Federal Reserve notes
		Federal Reserve bank notes

Paper money. Paper bills, of course, have exchange values solely because the government or a bank—in the days before we went off the gold standard—would give equivalent value in coin, or because they could be used instead of standard money in paying dues to the government, to a bank, or to someone else. We used bills because they were more convenient to carry in large amounts. We might think that if we had been allowed to go to the United States Mint and take all the gold coins that we could carry, we should have been millionaires. As a matter of fact, gold is so very heavy that probably we could not stagger under more than \$22,000. So we were glad to use the bills which the government printed to take the place of heavier coins.

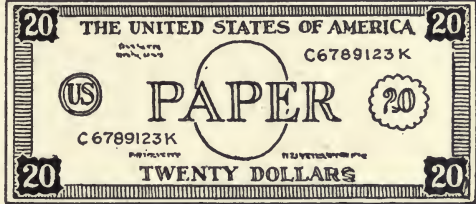
Most of you have noticed the words “silver certificate” printed on some of the bills which pass through your hands.

That means that there is actual silver deposited in the vaults of the Treasury, so that these notes are very much like warehouse receipts.

Bank notes. Nearly all the bills which we handle, however, are bank notes. Some of them are national bank notes, officially known as *national currency*. Until 1935 national banks had the right to issue these, depositing for security certain government bonds (called in 1935) in the Treasury of the United States together with a fund of gold equal to 5% of the outstanding notes of the bank. Federal Reserve bank notes will gradually replace these. A new kind of note that could never have been issued before 1913, when the Federal Reserve system was created, is the Federal Reserve note, which may be issued upon the security of either gold or commercial paper (that is, notes and drafts). Most of the paper money now in circulation is of this kind.

Fiat money. In addition to these, there are the "greenbacks," officially known as *United States notes*. They were originally issued during the Civil War and had no security beyond the promise of the government to pay. There are still about \$346,000,000 of them in circulation. Of course their value is wholly dependent upon the credit of the government. If this credit is strongly established, the bill is accepted as readily as any other bill. If the credit is at all doubtful, the value of the bill decreases. Metallic money is valuable no matter what government is in control, but *fiat money*, which gets its value only from the government's "say-so," depends upon the credit of the government which issued it. The financial trouble of Germany after the war was due in great measure to the fact that the government issued large quantities of paper marks which represented no gold or silver, and the credit of the German government was not good enough to keep the marks at their face value.

During the Civil War our government suspended specie payment; that is, it stopped giving gold in return for greenbacks. Consequently the value of greenbacks fell, so that a greenback dollar would purchase less than half as much as a gold dollar. It would rise relatively to gold when the Union armies were successful and fall when there was a reverse. After the final victory of the Union armies, there was still some doubt as to whether the govern-



THE VALUE OF GOLD AND PAPER MONEY

In Civil War times a gold coin would buy two and a half times as much as paper money of the same denomination.

ment would ever return to the policy of paying gold for greenbacks. Accordingly, they remained below par until by act of Congress it was decided to resume specie payments, beginning January 1, 1879. The greenbacks rose to par on that date, and have never fallen below par since. It was the doubt in the minds of everybody whether the German government would ever be able to redeem its marks that sent the mark tumbling. The same thing happened, to a lesser degree, to the French francs, the Italian lire, and the Austrian kronen. All of these were

paper, and the governments issuing the paper notes had insufficient gold to redeem them.

Law of substitution. There is a great economic law known as the *law of substitution*. If there are two things that serve your purpose equally well, and one is cheaper than the other, you are very likely to choose the cheaper. When it comes to paying a debt, one kind of legal tender money is as good as another.

If you had lived in this country any time between 1863 and 1878, and had owed a hundred dollars to one of your neighbors, unless you were very unselfish you would have paid him in greenbacks rather than in gold. Greenbacks were legal tender for such debts, and a hundred dollars in greenbacks would have relieved you of debt as fully as a hundred dollars in gold. Your creditor could not take his choice. You, the debtor, would have had the privilege of choosing. But you could have obtained a hundred dollars of greenbacks with less work than you could have obtained a hundred dollars of gold. Following your own interest, therefore, you would have paid him in greenbacks rather than in gold, and have hoarded the coin. Everybody acted in that way. Those who had the gold held on to it, and spent their greenbacks. Gold stopped circulating; only greenbacks circulated. If you had lived in Germany in the years 1918 to 1922 you would have behaved in the same way and for the same reasons.

Gresham's law. In addition to these large facts, there are certain minor facts that produce the same tendency. If we have a coin that appears to be freshly minted, or a bill which crackles with newness, we instinctively desire to keep it in our possession as long as we can. And nearly everybody is just like us in this respect. Consequently there is a tendency for the older money to circulate and the newer money to be saved whenever possible. The same sort of thing occurs when there are two different kinds of money of unequal value, such as gold and silver, coin

and paper. If they were equally desirable they would circulate equally, but if one is better than the other, everyone will want to hold on to the "good" money and do his purchasing and pay his bills with the "poor." In other words, "when two or more kinds of money are in circulation at the same time, the poorer tends to drive the better out of circulation." We know this principle as *Gresham's Law*, after the Elizabethan minister of finance who is supposed to have discovered it.

Bimetallism and the gold standard. Because of this law *bimetallism*, or the free coinage of both gold and silver, has been given up by all the larger countries. Our government used to do that with gold while we were still on the gold standard, and at one time pursued the same policy for both gold and silver. Then we had free coinage of both metals. It had to be done under fixed rules, of course, since it could not be changing its rules every year, or decade. A gold dollar contained 25.8 grains of gold, nine-tenths fine (since 1934, although we could not possess gold coins, a dollar was supposed to be $15\frac{5}{16}$ grains, of the same fineness).

The government stopped the free coinage of gold in 1934. This was because the failure of so many banks made people afraid they would lose the money they had saved and they withdrew gold for hoarding. (One of the important provisions of the gold standard had been that the money could be exchanged for gold.) As there was not nearly enough gold in the country Congress gave the President the power to order that no one could hold any gold money. And the United States "went off the gold standard." Now we still use gold as a standard of value—though the value has been changed so that a dollar is worth only about sixty per cent of its former value in gold—but we no longer use it as a medium of exchange.

When a government tries to maintain free (unlimited) coinage of both gold and silver, it has some serious difficulties. If very rich mines should be opened and the supply

of one of the metals should be greatly increased, that metal would tend to become cheap. But no matter how cheap it tended to get, the holder of some of it always would have a perfectly good market for it in the form of coins. He could get all his metal coined, with only a slight charge for seigniorage—which our own government does not charge—and coins always have a good market. But there would be so many coins of the cheaper metal put into circulation that the dearer metal would tend to disappear from sight, because (as suggested above) of Gresham's Law.

Money works hard. When you pick up a coin so worn that you can hardly see the figures or read the words on it, or look at a badly frayed bill, just think how many hands it must have passed through before it reached its present condition! (This is a thing that people do not think of when they put money into their mouths.) When you multiply that by the million of other coins and bills which are now in existence, you will have some idea of the vast amount of exchange which takes place in the country in which you live.

Development of banks. Yet money by itself does not do half the work of paying for the goods and services which we require. Moreover, the actual money which is in existence would not be able to do so much work as it does if it were not for an institution upon which modern exchange depends, the bank, which gets its name from the bench or seat upon which the early money lender used to sit. In the early days the money changer (and money lender, since the two were the same) used to keep his money in a strong box. His neighbor, coming into the possession of a sum of money which he was afraid to keep about his person or about the house, offered to pay the money lender for keeping it safe for him. Later, when the money lender ran short of money to lend, he bethought himself that he might get permission from this neighbor of his to lend the money he was keeping for him. To persuade the neighbor to do so, the money lender offered not only to free him from the

promised payment for keeping the money safe, but in addition to pay the neighbor for the privilege of lending the money. The neighbor was still freed from the necessity of taking care of his own money, and since the money lender guaranteed that the money would be forthcoming when he wanted it, he was even better off than he would have been had it remained in his possession. At the same time the money lender had more money available for those who wished to borrow it. And so the bank grew up as an institution for the deposit and lending of money.

Elimination of waste in exchange.
 "Now let us look at a second service performed by a bank. Let us imagine our community as using measures of corn as its currency. Let us imagine that A, who is the butcher, wants to pay B,



Drawn by Guinness

HOW TIMES HAVE CHANGED!

The medieval money lender was a human safe deposit box to whom, for a price, one entrusted his valuables; the modern bank pays for the use of money and guards it at the same time.

who is the baker, for the supplies received from him during the month. B is a vegetarian and does not eat meat. A loads up his cart with corn, swings the two oxen into the yoke, and laboriously goes four miles out into the country and delivers to B his payment in sacks of corn. B, the baker, has owed C, who lives in town and who may be the clothier, the confectioner, or perhaps the candlestick maker, for things which have been due him, and he has been waiting for A to pay him before he pays C. So B hitches up his yoke of oxen, loads the corn into his cart, and puts in a day hauling the corn four miles back to town, delivering it to C, who has been visited several times by D, the doctor, who, liking the air of the country, lives four miles out the other side of the town. So once again another yoke of patient oxen are called out and C puts in a day hauling his corn into the country to hand it over to his friend the doctor, who has been waiting for this auspicious moment to pay for the meat he has received from A and for which the bill is some time overdue. So the doctor, instead of making his rounds as usual, hitches his horse to a cart, puts in the corn, and hauls it back to A, where it started. All four men have paid their bills and the corn is just where it had been, a little the worse for wear, having been wet down perhaps one day when it was raining. There is a decrease in the quantity too, for some of the corn has dropped out through a hole in one of the bags. And four days' work of man and beast has been wasted.

“One of the services rendered by a bank is the elimination of all this kind of waste. Even if corn were the currency, it could have stayed in the granary and been represented by receipts. Each of these persons could have given an order on the bank for the money necessary to pay his bill, and the value behind the currency, whether it were corn or gold or silver, would have remained stationary while the slips of paper indicating ownership were passed about. . . . It is not too much to say that business as we do it today is

made possible only by the facilities rendered us by banking institutions.”¹

Credit. Sometimes a business man needs considerable money at a particular moment. It is certain that he will be able to repay it in the future, but his profit depends upon his getting immediate possession of the money. Here once more the bank can be of assistance. Suppose that this business man “cuts and stores ice for sale in the summer. But the cold spells are of short duration and to fill his ice house he has to employ many helpers. He cannot do it alone in the time nature has allowed him before the next thaw. He has not the money to pay these men and they unfortunately cannot wait for their pay till the summer comes and the ice is sold, for they need food and coal and clothing and other things that take money from day to day. He goes to the bank. He offers his house or his ice house and its contents, and perhaps his horse and wagon used to deliver the ice, as security; insures the life of his horse with an insurance company, as the bank is very careful to see that its loans are properly protected; and borrows the amount necessary to pay for the labor that cuts his ice. In the summer he sells the ice for enough to repay the bank all it loaned with interest and also to provide himself with a nice profit.

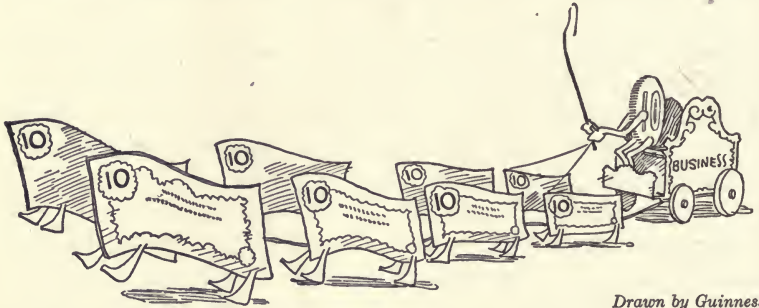
“Carrying on the same principle, people’s money while on deposit is made to build railroads and public buildings, to provide funds to tradespeople, farmers, and manufacturers, and to help out all sorts of enterprises. Besides its deposits, the bank has its own capital to start with. It puts part of the earnings that it gets from use of the money of its depositors into the business and calls it surplus, and the amount of the capital and surplus is enough to secure the depositors from loss if from an unforeseen reason some of the loans the bank has made turn out to be ill-advised.”²

¹ Forbes: *The Romance of Business*, pp. 178-180.

² *Ibid.*, pp. 184-85.

The money that would otherwise be tucked away in an old stocking, or carefully hidden beneath the floor or in a secret cupboard, is thus placed where it can be of value to society. Business men carry on their business not only on the profit they have made but also on the profit which it seems certain that they will make. The use of credit, which could be only slight were it not for the institution of banking, is made one of the most important parts of our system of exchange.

The use of credit has rapidly expanded the possibilities of buying and selling. Suppose that credit did not exist



Drawn by Guinness

EACH DOLLAR IN GOLD BY MEANS OF PAPER MONEY MULTIPLIES ITS USEFULNESS BY EIGHT

in a community and that the butcher in that town wished to buy some flour from the miller, but could not because he did not have the ready money for the purchase; that the miller wished to buy shoes from the shoemaker, but could not for the same reason; that the shoemaker wished to buy cakes at the pastry shop, but also was out of cash; while the pastry cook, who had money, did not at the moment wish to buy anything. Without the existence of credit, no buying could take place. If the pastry cook wished meat, then a series of exchanges would begin. The butcher would have the money to buy flour from the miller; the miller would be able to buy shoes from the shoemaker;

the shoemaker could satisfy his craving for cakes—all with the money which the pastry cook had put into circulation.

If, on the other hand, the institution of credit had existed, without waiting until the pastry cook desired meat the butcher might have gone to the miller, the miller to the shoemaker, and the shoemaker to the pastry cook, each contracting to pay for his purchase as soon as the money from the pastry cook was paid over to the butcher. And they would all be ready to begin buying from one another over again. The use of credit has speeded up the whole process of the exchange of goods.

Our whole lives today are based upon the idea of credit. We buy on a charge account at the store, saying, "Charge it," and perhaps showing a coin or token as identification. We telephone our order to the grocery store, and pay for what we have bought at the end of the month. We buy a house through the building and loan association or through a coöperative bank. We furnish it on the installment plan. However, in our use of credit we should realize that there is a vast difference between applying to the purchase of a house the money that would otherwise go for rent, and getting parlor suits, victrolas, radio sets, or automobiles which we really cannot afford but are coaxed into buying because the initial payment seems so small. Credit is like electricity, powerful to aid us greatly if we use it rightly, but filled with danger if we are careless in our use of it.

Every phase of life has grown to move more swiftly, and the manner in which we pay for goods and services is no exception. The bank and the credit system which it has made possible, have speeded up the exchange of goods until today, with their aid, the world exchanges more in a day than it could with barter in a hundred years. Some are afraid that we are going too fast, others like it, quoting: "Better fifty years of Europe than a cycle of Cathay." Whether we like it or not, our economic life speeds up with every time-saving device.

HOW MEN PAY FOR GOODS AND SERVICES

1. Make a list of all the work you have done for money during the past week. Make a list of the work you have done during the same period of time to save the necessity of spending money. Make still a third list of work you have done for any other reason. How do these lists compare?

2. If your father should make similar lists, how would his lists compare with yours? Why?

3. Name any examples of barter which you have seen recently. What would be the effect upon the world if all the exchange should be done by barter?

4. Look up *money* in an encyclopedia, and see how many commodities you can find which have been used for money.

5. Name four steps in the development of money. How would the increase in the number of people be responsible for these changes?

6. Why would uncoined metal be a less satisfactory money than metal coins?

7. How many of the qualities necessary to a good money would be possessed by tobacco, grain, cattle, wampum, tea, gold dust, gold coins?

8. In what ways, other than use in exchange, is money valuable to us? Which of the qualities of a good money are most necessary for these other uses?

9. Look up in an encyclopedia the names of countries which do not use the gold standard.

10. Make a poster showing the four uses of money.

11. Why will people in foreign countries accept American gold pieces when they will not accept American bills or even dimes or quarters?

12. Name all the kinds of money which are used in this country. Which do you see most frequently? Why?

13. What is meant by token money? If these coins are not worth their face value, why are we willing to take them?

14. Why were greenbacks issued by the American government during the Civil War? How did prices in greenbacks differ from prices in gold? Why? Are greenbacks worth their face value today? Why?

15. See if you can find out how the government guards against counterfeiting. Why are there more likely to be counterfeit bills than counterfeit gold pieces?

16. What is the relation of the law of supply and demand to the value of the "greenbacks"?

17. State Gresham's law. Have you seen any examples of this?

18. Find out in an American history what is meant by the "crime of 1873." Do you think the action of the government in this instance was wise or unwise? Explain.

19. What is meant by *bimetallism*? Do any countries of the world still have it? (Use an encyclopedia.)

20. What effect on prices would there be if valuable new gold mines should be discovered in South America? What effect if \$10,000,000 in gold should be sunk in the ocean?

21. Look up *inflation* in the glossary. How would the inflation of currency in a country be apt to affect the general level of prices?

22. Have you any money in the bank? What interest do you get for it? How can the bank afford to pay you interest?

23. Look up in an encyclopedia the kinds of banks there are. How does a private bank differ from a state or national bank? In which is it safer to deposit money? Why?

24. Why do private banks like that of J. P. Morgan have no difficulty in finding depositors?

25. What services does a bank perform? What would be the effect on prices if all banks should be closed?

26. Look up in the glossary *a run on a bank*. Does this always mean that a bank is not sound? Explain.

27. Is money tucked away in an old stocking as useful as money placed in a bank? Explain.

28. Project on banking (Committee). Let a committee from the class organize a bank. During the recitation have different members of the class

- (a) Write checks,
- (b) Cash checks,
- (c) Open a savings account,
- (d) Deposit savings,
- (e) Withdraw savings,
- (f) Close the savings account,
- (g) Get a certified check.

What would be the work of

- (a) The president of the bank?
- (b) The cashier?
- (c) The teller? etc.

29. What is meant by *credit*? What is the effect of credit on business? How should we be affected if credit were done away with?

30. Look up in the glossary *commercial crisis* and *panic*. What would be the probable effect of these on the credit situation?



Drawn by Marcus

Courtesy The Country Gentleman

**THE SECRET OF SUCCESS IN EVERY BIG CORPORATION LIES IN THE DOMINANT PERSONALITY
OF ONE BIG MAN OF IDEAS**

Being the head of a big corporation with a suite of offices and hundreds of subordinates seems like an easy job, but it doesn't seem so easy when we realize that a slight mistake in keeping your factory up to date, buying your raw materials, hiring and discharging workers, or disposing of the finished product may result in the loss of thousands of dollars.

CHAPTER VIII

HOW CAPITAL HAS ORGANIZED

Balancing the factors of production. As man has learned how to take advantage of what nature has provided, as he has learned to multiply the productivity of his own labor by the use of power and of capital, he has been faced with a new problem. If he had wished to farm just after he had learned that plants as well as animals could be domesticated, it would have been a very simple process. He (or, more likely, his wife) would have scratched up the ground with a sharp-pointed stick, and have deposited therein some seed carefully saved from the crops of the year before. Today, if he wishes to farm he must consider the questions of crop rotation, of the scientific use of fertilizer, of the advisability of purchasing tractors or other farm machinery, of the combining of stock raising with crop raising, of market facilities, and dozens of other questions which would not have vexed our early ancestor at all. It is still a question of land, labor, and capital, just as it has always been; but it is rather a problem of balancing what we have than of tapping new sources. And this problem of management has been centered largely in the hands of those who have come to control our capital.

Modern competition. In the old days the competition between men was one of expenditure of energy. Today it is rather the competition of intelligence and foresight. A man must now be able to figure the cost of his raw materials, capital goods, and power against the probable demand for his product and the price which the public will be willing to pay. He must balance wages against cost of living, cost

of production, and the demand for workers. He must procure a group of capable, contented workers without raising the cost of the finished commodity so high that he cannot compete with others in similar lines. He must know how far he can increase the size of his plant without making it too unwieldy for efficient production. Above all, he must realize how the law of diminishing returns operates—whether he knows it by that name or not. He must realize that there is a point beyond which additional labor or capital used upon a given piece of ground will not give a proportional increase in production.

The size of the organization. The size of an organization has nothing to do with the necessity for management. A peddler with a pushcart needs to be able to balance the different factors just as truly as does the captain of industry. But the quality of the man may very well determine the growth of the concern. Most people possess only a certain amount of business ability. They are the John Joneses who run the corner groceries, or the Tom Smiths who own the near-by garages. Others, not so many in number, have what we may term talent along these lines, and run our big department stores and many of our factories; while a few outstanding figures, like John D. Rockefeller or Henry Ford, have a positive genius for organization.

Personal responsibility. A well-ordered business, whatever its size, has no haphazard, trial-and-error method of going about its affairs. If the office boy and the stenographer came down in the morning to find that the "boss" had not yet arrived, and that no work was set out for them to do; if they heard him, after his arrival, waste time in telephone calls of a purely private nature; if he spent a long time at lunch, and made a practice of leaving early for social engagements, it would not be long before the office boy and the stenographer drifted into lazy and inefficient habits.

The man in authority demands from himself a sense of personal responsibility which he expects to see reflected in

his subordinates. He may not be in evidence each moment, but there is no time at which his control is not felt. He never absents himself from work unless he is sure that it is so organized that the routine can go on swiftly and smoothly without him. As far as possible those who hold important positions under him are equally reliable, and a wise employer is willing to pay the price necessary to obtain such employees. He realizes that their value to him depends in large degree on how much of his own more valuable time they can save for him, and how little of his time they are going to demand on account of ignorance or carelessness.

System. But personal responsibility alone is not enough. Each new employee, however well intentioned he may be, would be likely to make the same mistakes as his predecessors if it were not for office organization. We know that experience is the best teacher; but we also know that it is a less expensive teacher if it is the experience of others and not of ourselves. And the modern manager takes advantage of that fact. Files, charts, and diagrams, judiciously used, make it possible for a new workman to find out readily the information which he needs; and they enable the employer to obtain at any time detailed information about all parts of the business.

Coöperation. But beyond this must lie an even greater factor in the success of the concern, that factor which we have seen is essential to present-day existence—coöperation. If an office boy has neglected to purchase a needed supply of stamps, an important business deal may be delayed, or an important contract be lost. If the men in one department of a great factory have not measured up to their work, they may delay the work of another department whose work is dependent upon theirs. If two department heads cannot get along well together, or if they continually subject each other to petty irritations, or if an employee fears or dislikes the man who is over him, there is a loss of efficiency. Every bit of friction, intentional or

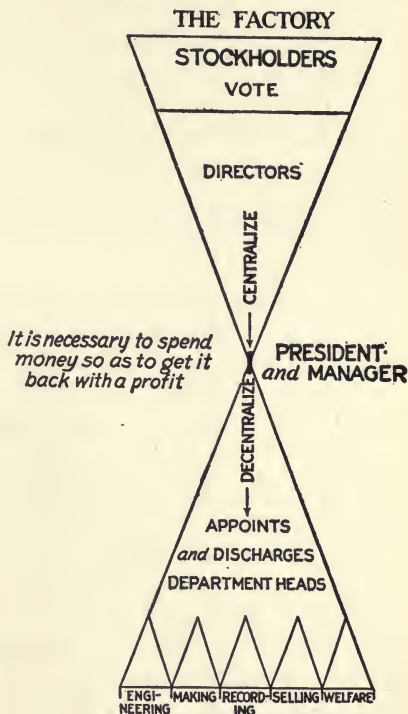
unintentional, slows up the wheels of business; and in this day, when promptness is the cardinal business virtue, a lack of coöperation will prove disastrous.

Single Proprietorship. As time has gone on and our living together has become more and more complex, the organization of business has changed to meet the changing conditions. The early business organization was composed of the members of the family, with the father in the managerial rôle and the mother and the children performing the rest of the work. The addition of slaves did not change this form of organization, although it increased the extent of the business. One man still attended to the purchasing of the raw materials, to the marketing of the finished product, and often to much of the actual work which must be performed. He received all the profits of the business and was responsible for all the losses, and upon him and him alone depended the success or failure of the business.

Partnership. But as business became more and more complicated, a new arrangement was needed. It was not wholly to displace the old, for there were still many industries on a small scale which could best be taken care of by the small *entrepreneur*, as the individual organizer is often called. But in industries where expensive machinery was required, or where large amounts of capital were involved, few men would have been able to undertake either the financing or the management of such a concern. Not only would it have been hard for one man to find the necessary money, but it would have been even more difficult for him to possess in himself the technical knowledge and the business sense which are requisite for the successful conducting of a business. Smith might be a wizard on the financial side, and lack the knowledge of the methods of production. Jones might know production and have a poor business sense. Even if one man chanced to possess the unusual combination of the two, it would be impossible for him to meet the demands of an increased business.

The simplest form of multiplied management was the *partnership*. Two or more men joined together, pooling both capital and ability. In this way each would be able to look after the phase of the business for which he was better fitted by ability and training. Smith could now devote himself to the office end of the business; Jones could spend all his time on the production end. If they were both efficient and both honest, the arrangement was a very desirable one. But since the law made each of them fully responsible for the acts and liabilities of the other, the incompetence or dishonesty of one would fall very heavily upon the other, since the latter would risk the loss of all his property if it were needed to pay the debts of the concern. Moreover, the amount of expansion was limited, as each partner could furnish only a limited amount of capital, and the greater the number of partners admitted to the business the greater the risk each would run.

Corporations and their advantages. The problem was to find some organization which would furnish increased capital without increasing the individual responsibility of each investor. The joint-stock company, or *corporation*, was the answer. Instead of placing full responsibility upon



Courtesy Magazine of Business

A PLAN OF INDUSTRIAL ORGANIZATION
Compare page 237

each investor for the acts of all the other investors, this new form of organization is characterized by what is known as limited liability. In case of the bankruptcy of the concern, each investor can be held responsible only for the amount of his investment.¹

Again, the partnership would be dissolved by the death, withdrawal, or bankruptcy of either Smith or Jones, whereas a corporation is known as an "artificial person" and as such has an indefinite lease of life. The original stockholders may have been dead for many years, but the stock has been passed on to the living, by inheritance or purchase, and the corporation may be more vigorous than it was in its early youth.

No man would be an efficient partner who did not have business ability, technical knowledge, or adequate capital. But the corporation finds place for minors, for women of no business experience, and for investors with only small sums at their disposal. A joint-stock corporation must secure a charter either from one of the States or from the Federal Government before it can do business. Under the terms of the charter the man who puts money into the corporation receives certain rights against the corporation. These by no means safeguard him against the loss of his money, since the whole enterprise may fail to make money. If, however, any money is made, the investor has the right to his share of it. The management is concentrated in the board of directors which the stockholders have elected to represent them, the voting power of each stockholder being in proportion to the number of shares of stock in his possession. This board has the direct oversight of the executive committee, through which it keeps in touch with the president, the general manager, and the details of the business.

Disadvantages of corporations. As usually happens, the advantages which the corporation has over other forms

¹ In the case of national banks there is "double liability," by which the investor may be assessed double the amount of his investment.

of business organization are offset by certain disadvantages. It cannot be expected that a hired employee, no matter how responsible nor how highly paid the position he may hold, can have the same devotion to the business which an individual organizer is likely to have. From its very size the corporation is less likely to seem a part of himself, and he is in consequence less likely to be willing to spend himself without limit in tending to it.

Then, too, the majority stockholders have too great an opportunity to take advantage of the minority, to adopt plans of action which will be disadvantageous to the latter, and in some cases to freeze them out entirely by a reorganization of the business.

The corporation tends to separate more completely the employing and the employed classes, since it does away with the close contact between them which is possible only in a small business. Stockholders, either through ignorance or through indifference, become parties to allowing conditions in factories which as individuals they would never tolerate for a moment. The very size of the corporation allows them to feel a "sense of power proportionate to the numbers, and at the same time . . . diminishes (their) own sense of responsibility."¹

Still more, the very bigness of the corporation is an important factor in the problem. The increased power is a good thing, provided that it is not selfishly used. But unless we can be sure that its use will be for the best interests of society, there is danger in its very size.

"As a homely illustration let us take the common house cat, whose diminutive size makes her a safe inmate in our household in spite of her playful disposition and her liking for animal food. If, without the slightest change of character or disposition, she were suddenly enlarged to the dimensions of a tiger, we should at least want her to be muzzled and to have her claws trimmed; whereas if she were to

¹ Carver: *Principles of Political Economy*, p. 171.

assume the dimensions of a mastodon, I doubt if any of us would want to live in the same house with her. And it would be useless to argue that her nature had not changed, that she was just as amiable as ever, and no more carnivorous than she always had been. Nor would it convince us to be told that her productivity had greatly increased and that she could now catch more mice in a minute than she formerly could in a week. We should be afraid lest, in a playful mood, she might set a paw upon us, to the detriment of our epidermis, or that in her large-scale mouse-catching, she might not always discriminate between us and mice.”¹

The trust or combine. Both the advantages and the disadvantages which characterize a corporation are to be found to an even greater extent in the *trust*, or combine, which is “mainly an organization of corporations for the purpose of controlling the market.” It is, in fact, the extreme development of the corporation principle.

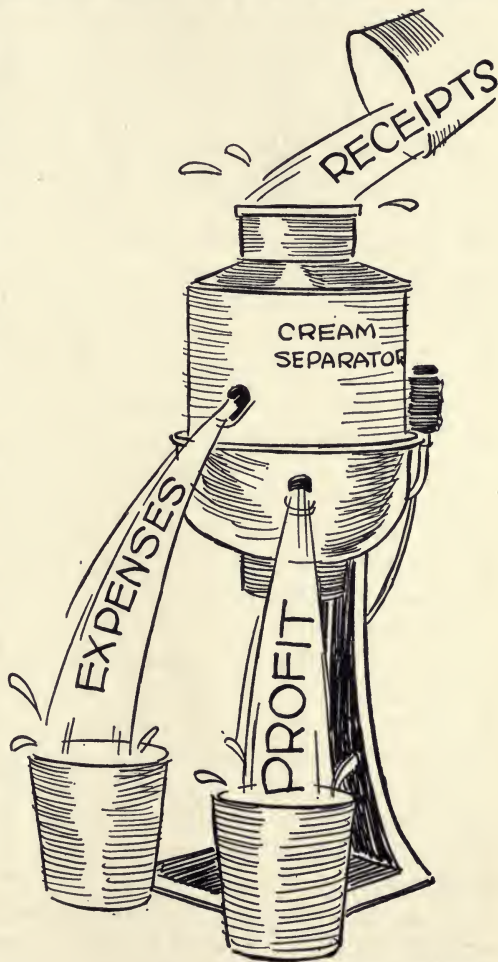
Methods of raising money. The sinews of a business are the money which is available for its use. Of course the simplest and surest way of obtaining the needed money is by saving, but it is a slow method and generally does not provide all the money needed. At some time or other in our lives most of us have dreamed of being left a fortune by some rich and hitherto unheard of relative; but inheritance is a problematical foundation upon which to build, even in cases where there seems a chance of inheriting actual money. In addition to his savings, a business man would be very likely to put back into the business all the money he could spare from the profits, in order that his later profits might become still larger. He might even wish to resort to temporary borrowing to tide him over some financial crisis; and, if his credit were good and the business looked flourishing, the banks would probably be willing to accommodate him.

Common and preferred stock. In financing a corporation, however, individual savings, inheritance, or borrowing

¹ Carver: *Principles of Political Economy*, p. 173.

would scarcely provide the needed capital. Consequently a new type of raising money appears, which is known as issuing stock. That means that everyone who puts his money into the business is part of the corporation, and receives his share of the profits (*dividends*) in proportion to the amount of his investment. If he had invested in what is known as *common stock*, his gains would be entirely dependent upon the degree of success of the business, since he would share proportionately in whatever was left over after all the other necessary payments had been made. If the company were very successful, his dividends might be very large, sometimes even over one hundred per cent. If the profits were small or nonexistent, he might receive nothing.

But because many people are more anxious about



Drawn by Guinness

THE MACHINE HAS TWO OUTLETS

the security of their investment than they are about the chance of a high return, corporations also issue a certain amount of *preferred stock*. Here the dividends do not vary, but remain at a fixed per cent; yet, because they would be paid before those on common stock, the owners would be surer of getting definite and certain returns on their money, provided the company made enough profit to pay them.

Bonds. Perhaps the concern might wish to make certain improvements, and yet would not wish to increase the number of shares on which dividends must be paid so long as the concern should last. Then it would issue bonds. In this case the purchaser would not be investing his money in the corporation; he would be merely loaning the corporation money on which he would receive a fixed rate of interest. So far, bonds seem something like preferred stock, but they are very different when it comes to collecting the money which has been paid for them. If a person owns stock he can dispose of it only by sale to someone else, and at the price which the purchaser is willing to pay for it. On the other hand, while bonds frequently change owners, the money has been borrowed for a definite period of time, and at the expiration of that time (*maturity*) the money will be repaid to the lender.

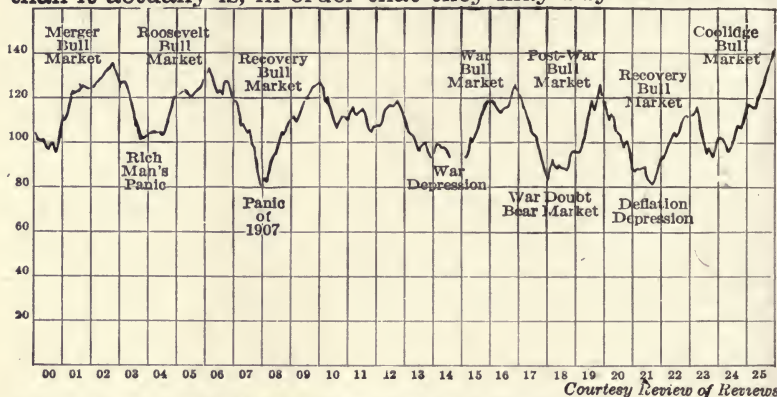
Rate and security. The per cent of interest on bonds is lower than the per cent of dividends on preferred stock, due to the risk of investing. The more certain the return, the lower will the rate of interest or dividend be. We all know that government bonds—even Liberty bonds—pay a lower rate of interest than industrial bonds, for if government bonds paid as high a rate as the bonds issued by a cotton manufacturing corporation, the latter would have no investors. We should be sure that our money was safe with the government, so long as the government was not overthrown, but we could never tell just when some business condition might be responsible for the failure of the cotton company and cause us to lose the money we had invested.

In like manner, the interest on the bonds of a corporation, which as a part of the running expenses of the concern is paid before the profit is calculated, is lower than the promised rate of dividend on the preferred stock. It has to be so, for if the return were equal regardless of the security of the investment, everyone would put his money only in the safest investment. Of course we cannot say what the dividend on the common stock will be, since it is variable and depends upon the prosperity of the business. But those who purchase common stock do so in the expectation that it will yield a greater return than preferred stock.

“Par value.” If you have looked in the part of the newspaper which is devoted to information about stocks and bonds, you have very likely noticed columns where these are listed with numbers after them. These numbers refer to the selling price of such securities. Perhaps the number was 89 then — that means that it is below the face, or *par*, value of such a security. If it read 112, it would be above par. Some stocks have no par value but are sold for what they will bring. In such a case, the price quoted is an absolute price and not a percentage of any par value. The more secure an investment is, and the higher the return in dividends or interest, the higher its market quotation is likely to be.

Stock brokers. — As these stocks and bonds are generally sold in the stock exchange by brokers, who act as agents for other people besides themselves, we need to know something about brokers. Generally they are divided into two classes, the *bulls* who do what they can to force up the selling price of the stock, and the *bears* who do what they can to lower the price. All those who want to sell stocks are “bulls” and are trying to push the price upward; those who want to buy are “bears” and want to pull the price downward. Sometimes the reason for pushing up the selling price of the stock is that the concern really is so prosperous that the stocks and bonds are worth more.

But sometimes it is the act of a group of men who want to sell the stock which they possess at a high figure and who, therefore, try to create an artificial rise in price. In the same manner the bears may lower the price of the stock in order to make people think that the stock is worth less than it actually is, in order that they may buy it at a lower



THE SEVEN "BULL" MARKETS AND THE FIVE PERIODS OF DEPRESSION OR PANIC IN THE PAST QUARTER CENTURY

The prices are of high-grade common industrial stocks paying six-dollar dividends. The names of the Presidential administrations designating certain peaks merely set the time and do not necessarily indicate political influence.

price. So you see the stock market is a rather good place to keep away from, unless you are a trained expert. Many people, however, read of the great fortunes made in stocks and they want to make a fortune too, and so fall an easy prey to the experienced stock manipulators. They are the *lambs* whom the others are waiting to *fleece*.

HOW CAPITAL HAS ORGANIZED

1. How has the type of competition between men changed? How would that change the type of training you would need to make a success in life?

2. Name several men in your section of the country who have real talent along business lines.

3. Name several people in our country who possess actual genius in business.

4. What three forms of business organization are there? What are the advantages and disadvantages of each type? Make a diagram.

5. Name as many kinds of capital as you can (other than money) which would be needed to start a shirt factory.

6. Look up *fixed capital* and *circulating capital* in the glossary. Which of the following would be circulating capital: machinery, raw materials, laborers' wages, the factory building?

7. Ask any business man whom you know well to give you a list of the things which he has to consider in his business.

8. Look up the biography of some man who has made a name for himself as an executive. How much of his success was due to his parents? to good fortune? to his own ability?

9. What qualities do you think should be possessed by a good executive?

10. If a man received \$25 a week, and made a mistake which it took four hours time of a \$10,000-a-year man to correct, would he be more or less expensive to the firm than a \$35 a week man?

11. Can you find any charts or diagrams which have been helpful to some business man whom you know? If so, show them to the class, and tell why they were valuable.

12. Project on management.

(a) Ask someone in an executive position what gives him the most trouble in his management of the work and workers.

(b) What seem to be the causes of the greatest trouble, judging by the class discussion of (a)?

(c) If you were an executive, what would you do to overcome these difficulties?

(d) In view of what you have learned, what would you do in order to obtain more rapid advancement as a worker?

(e) What qualities should a good manager possess?

13. Make a list of all the careless mistakes which you can think of which might interfere with the smooth conduct of a business.

14. What advantages would the single proprietor type of business have over the partnership or corporation types: to the proprietor himself? to the workers? to society? What disadvantages would there be?

15. In what ways would a partnership be an improvement over the single proprietor type?

16. By what three ways might the dissolution of a partnership be brought about? Do you know any partnerships which have been broken up in any of these ways?

17. Is the principle of division of labor more noticeable in a business run by an individual proprietor or a partnership? Explain.

18. What is meant by *limited liability*? See if you can find the names of any English firms with *Ltd.* after them.

19. Make a diagram showing the organization of a joint-stock company.

20. Why is the corporation form of business increasing so rapidly?

21. Organize a corporation in your own class. Issue stock and let the stockholders vote for their board of directors. Let the board of directors choose their general manager and then let the general manager appoint a production manager, a sales manager, an advertising manager.

22. If some of the class were bondholders instead of stockholders, would they be allowed to vote for the board of directors? Explain.

23. Complete the following diagram:

	Represent	Receive	Redeemable
Stocks	Money invested	Dividends	Only by sale to some other person
Bonds	?	?	?

24. Look up *watered stock* in the glossary. How would the issuing of watered stock be likely to affect (a) the rate of dividends on the rest of the stock, (b) the price to the consumers?

25. Complete the following diagram:

	Rate of Dividends	Payment of Dividends
Common stock	Variable	After payment of interest on bonds and dividends on preferred stock
Preferred stock	?	?

26. Look up $\left\{ \begin{array}{l} \text{cumulative} \\ \text{noncumulative} \end{array} \right\}$ preferred stock in the glossary. Should you rather have preferred stock in a company whose preferred stock was cumulative or stock in another company, equally good, which had issued noncumulative preferred stock? Explain. Would noncumulative preferred stock in a secure company or cumulative preferred stock in a weak company be more desirable?

27. Why can the government place its bonds even at a lower rate of interest than industrial bonds offer?

28. Why is borrowing to provide for the expansion of a business a good thing although borrowing to pay current expenses is not advisable?

29. Cut from the newspapers clippings which refer to common stock, preferred stock, dividends, interest on bonds, stocks above par, stocks below par, bulls, bears.

30. Bring to class the market quotations on the financial page of the daily paper. What do you know about corporations whose stock is quoted above par?

31. In the corporation type of organization what disadvantages to the individual stockholder are to be found? to the workers? to society?

32. What laws have been made in the past twenty years to lessen the danger of placing too great power in the hands of large organizations of capital?

33. Why is the interest paid upon industrial bonds apt to be less than the dividends on preferred stock in the same corporation? Show that the same principle is applicable to interest on first and second mortgages on real estate.

CHAPTER IX

HOW LABOR HAS ORGANIZED

Attitude toward work. If you should be tried in court, and the judge should sentence you to a term of hard labor, you would feel that you were indeed unfortunate. There are some people who seem to feel that being born into this workaday world is very much like being sentenced to a life term of labor. If you were accepted as a member of an athletic team, if you were elected to an honorable office, admitted to the bar, or to any other honored calling, you would feel that you were fortunate. To some, being born into this workaday world seems equivalent to being admitted to some honorable calling. There is, therefore, a great deal of difference in the attitude of people toward their life work. Something, of course, depends upon the kind of work you have to do. More, however, depends upon the kind of person you are. It is a life of work in either case. Some look upon it as a burden or a curse; others look upon it as a privilege or a blessing.

Upon our labor depends our existence. Nature has furnished us the raw materials; that is all. There may be places in the world where one may sit under a tree, open his mouth, and let the food drop into it. But most of us never have seen, never will see, and—if we are wise—never will want to see such a place. For labor gives us our happiness as well as our means of livelihood. Although we should have had to work no matter when we were born, our methods of working with other people are vastly different from what they would have been in previous ages or even in previous centuries, or, indeed, a generation ago.

Slave labor. When hunting and fishing were the recognized means of getting a living, life was a hand-to-mouth existence. The numbers of men did not increase, nor did great wealth come into being, until society had reached the pastoral stage, and passed from that to agriculture. Yet even then society as a whole was comparatively poor. Moreover, it seemed much easier for a strong tribe to take from weaker tribes than to submit themselves to the slow and uninteresting production of the things they needed. The captives, who in more primitive days had been put to death, were allowed to live as the property of the victors, became slaves, and took over a part of the work—usually the most disagreeable part. Later, as the possibilities of the use of slaves grew greater, the number was increased by making slavery the punishment for crime and the penalty for debt. When even such methods of obtaining the supply did not keep up with the demand, the kidnaping of slaves became a profitable venture.

On the whole, the skilled labor was performed by free workers, while the slaves were used for such work as agriculture, herding, or domestic service. Occasionally, when war captives or kidnaped slaves were already skilled in some line of work, they were permitted to engage in it for their master's profit. Sometimes they were even allowed to save for themselves a portion of their gain, and finally to purchase their freedom. Within the towns the free skilled laborers plied their various trades, each line of work generally being located on one street or in one quarter. The carpenters might be found in one section, the weavers in another, while the workers in ivory were in still a third.

Early labor organizations. Associations were formed, somewhat similar to the later medieval guilds; and it is said that in the early days, when Egyptian civilization flourished, the flute players once went on strike. There were guilds among the Romans, as might be expected from a nation whose chief characteristic was a natural sense of

organization. But these associations were largely for social and religious purposes, with clubhouses for their meetings and banquets, and formed under the protection of some appropriate deity, such as Vesta, the fire goddess, for the bakers, or Bacchus, the god of wine, for innkeepers.

Labor in the feudal period. When the attacks of the German tribes, together with internal corruption, brought about the downfall of the Roman empire, commerce and industry in the Western World largely came to a standstill. The feudal period was characterized by what is known as "self-sufficiency," where each little manor produced for itself whatever it needed, and often only the miller, the blacksmith, and the baker were skilled workers.

Guild organization. As the population became more settled, towns sprang up again. The Crusades increased the desire for luxuries from the East, and the towns grew larger and more important. Guilds were organized; at first the guild merchant, composed of the traders, and later the craft guilds of the artisans of the various trades. These guilds had social and religious features, but they were primarily organized to protect the members from competition without and within. On the one hand, the guilds held a monopoly of the industry; on the other, they rigidly enforced guild regulations which kept up the standard of goods produced and prevented one master from profiting at the expense of another.

Craft guilds and modern labor unions. These guilds were not unlike our modern trade unions in that they were composed of the workers in one trade. But in reality they were very different from the modern organizations. In the guild the employer and the employee were alike members, and in the earlier days of the guild the poorest little apprentice boy might look forward to becoming a master himself, provided always his skill became so great that he was worthy of being considered a master of his trade. Later, however, the guild regulations instead of raising the

standards of production tended to lower them, because the regulations did not provide for any improvement in the methods of production. And the guild masters tried to keep the journeymen and apprentices down, granting promotion through favoritism rather than as a reward for merit.

Introduction of the factory system. But with the coming of the Industrial Revolution a new aspect of industrial relations appeared. With the building of factories there was an opportunity which had not existed before to employ laborers and pay them wages. Many farm laborers and small farmers from the rural districts flocked into the factory towns, tending to oversupply the labor market in those towns. The peaceful rural villages of southern England were sometimes almost emptied of their population, so eager were the people to flock to the factory towns of the North.

The labor problem became a vital one, and the need for the organization of labor arose. In the next fifty to seventy-five years the industrial revolution affected France, Germany, Belgium, Holland, and Switzerland. Still later its effects were seen in the United States. Everywhere, as a result, an entire readjustment of the conditions of capital and labor was found necessary.

When labor first organized there seemed to be a great need of someone to take the part of the downtrodden worker. The introduction of the new machinery had made it possible to utilize large numbers of unskilled workers. Some of this unskilled labor was supplied by the newly arrived agricultural laborers, some of it by children. The supply of labor was so greatly increased from these sources, and the employer found so many more people bidding for jobs, that he was able to get all the workers he wanted at an exceedingly low wage. So, too, with the hours of work. If any employee was unwilling to work the twelve or fourteen hours which the factory work demanded of him at that time, there were plenty of other workers to be found who

would be only too willing to take his job. In like manner, the employer found no reason for improving the conditions of work for his people. Fear of starvation would keep the worker on the job no matter how ill-ventilated and unsanitary the factory in which he must work.

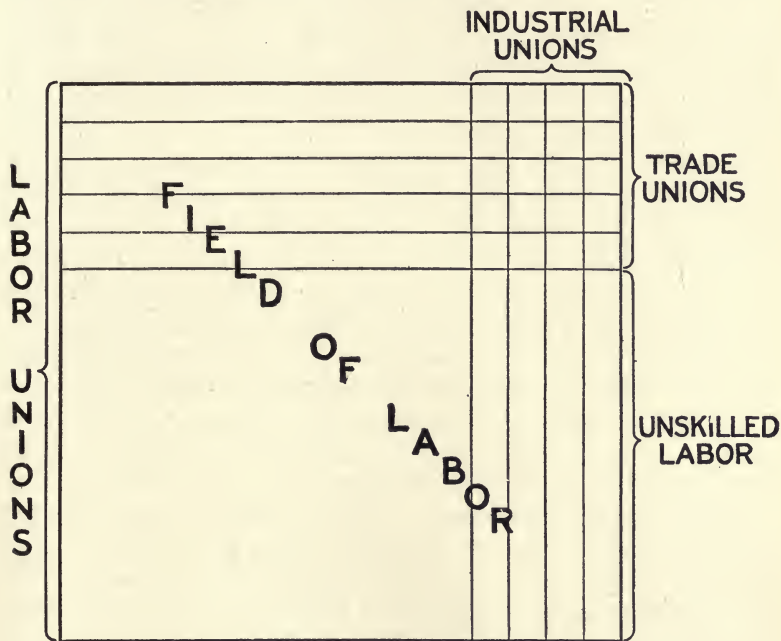
At first the old-fashioned skilled worker, seeing his skill made worthless by the introduction of these new methods of manufacture, showed his resentment by destroying machinery and committing other acts of violence, and by applying for the reënactment or reënforcement of laws that were out of date and almost forgotten. Gradually he came to the conclusion that the best methods of self-preservation for him were to be found in labor organization and labor legislation. And the labor union came into being.

Collective bargaining. As industry existed at that time, there was no chance for the worker as an individual to improve matters. John Jones might refuse to work unless the abuses were remedied, but his refusal would have resulted merely in the loss of his job. Alone he was helpless; and slowly the workers came to the realization that their only salvation lay in group bargaining. An employer would not hesitate to refuse to improve matters when the workers came singly, since it would be a comparatively easy thing to replace one worker. But when John Jones's demands were those of a joint group of workers, and a refusal to consider improvements might mean the loss of the entire working force, it was an altogether different matter. So before long the workers found out that the principle on which they must stand or fall was that of collective bargaining.

But it was no easy thing to get the principle of collective bargaining accepted. The employers were keen enough to see how such a change in methods of dealing with their workers would affect them. The employers were the men with the political power and the money; and for years they were successful in checking labor organization. "Only three years before (Queen) Victoria's coronation six poor

agricultural laborers in Dorsetshire were transported (1834) to penal servitude at Botany Bay, Australia, for seven years, for peacefully combining to secure an increase of their wages, which at that time were only six shillings a week.”¹

Types of labor organization. Finally, however, labor was allowed to organize, and the improvement in the work-



THE ORGANIZATION OF LABOR UNIONS

ing conditions has been steady since that time. There have, of course, been various sorts of organization started, but three general types may be distinguished. First there is the *labor union*, often referred to as “the one big union,” including skilled and unskilled workers of all trades and lines of work. The Knights of Labor, in power in the

¹ Montgomery: *Leading Facts of English History*, pp. 419-420.

United States between 1870 and 1886, was an early example of this. The Industrial Workers of the World (generally known as the I. W. W.) is the present-day example, although in organization and methods it differs greatly from the earlier organization. Then there is the *trade* or *craft union*, which, as its name implies, is made up of workers in the same trade or occupation: such as the carpenters' union, the bricklayers' union, the plumbers' union. And finally there is the *industrial union*, which includes all workers of all classes and all trades in a given industry: for example, the United Mine Workers.

American Federation of Labor. The best known labor organization in the United States is the American Federation of Labor. Under the able leadership of the late Samuel Gompers, president of the Federation from the year after its founding in 1881 until his death in 1924, the organization has done much to improve the condition of the laboring man. The Federation is a "central labor body bearing the same relation to national and international unions that the Federal Government bears to the States of our Union, and the same relation to local unions not identified with national unions that the Federal Government bears to one of our territories."¹

Closed versus open shop. The fundamental principle is, as we have said, that of collective bargaining. But if only half the workers in a shop are members of the union, and the employer can deal directly with the other half individually, the employer is better able to stand out against demands. So the labor organizations are very insistent that the shops where their members work shall be closed to nonunion workers. Sometimes they even go as far as to demand the *check-off system*, by which the union dues are deducted from the pay of the worker before he ever receives it, and handed directly to the union by the employer.

Aims of labor organizations. There are three great objectives for which the labor organizations have been

¹ Gompers: *Labor and the Employer*, p. 15.

striving: a shortening of the length of the working day; an increase in the rate of pay; and an improvement in the conditions under which the work is done. Many employers are farsighted enough to see that in these points the interests of the employer and the employee are the same, though in most respects their problems are vastly different. The employer is concerned chiefly with his profit, the form in which his income comes to him, and to that end wishes to see an increase in the amount and efficiency of production. He would like to buy whatever he has to buy, including labor, at as low a price as is consistent with good work, and to charge as high prices for what he has to sell as are compatible with large sales. The employee, on the other hand, has only his labor to consider. He would like to get as much pay as he can for it, in as short a time as possible, with the least possible expenditure of effort.

Yet there is a point at which both employer and employee may be the gainers. If the worker works too long hours he is fatigued, and does less work and poorer work than he could accomplish if not tired out. At the same time, if he works too few hours the amount of production is cut down so greatly that it no longer pays the employer to stay in business, and thus the employee no longer has a job. So with the wages. If John Jones receives too little pay he cannot keep himself in fit physical condition. If he receives too much pay in proportion to the amount of work he turns out, the factory cannot be run at a profit or pay the owners and managers anything, and must be closed down. It is the same with the conditions of work. Good light, good ventilation, proper sanitation, and adequate safeguarding of machinery are all aids to both employer and employee. But if too much money is spent in welfare work, once more a lack of profit means the closing down of the business.

Even when wages, hours, and conditions of work are all satisfactory, there is still another factor which is most vital to the well-being of the worker. If the maker of soap does

not sell a given cake one day, he may sell it the next day, or the day after that. Even if he keeps it in stock for a year he may still sell it for something, though possibly at a reduced price. But the worker has only one thing to sell — his labor; and if he does not sell today's labor today, there is no opportunity to sell it later at any price. Tomorrow he may sell labor; but it will be tomorrow's labor, not today's. So the worker is gravely concerned with the security of his employment.

Any worker in an office or factory wants to feel that as long as he is doing his work conscientiously he is secure in his position. He cannot feel the same degree of loyalty to the concern if he knows that keeping his position, or being advanced, is dependent upon his currying favor with the foreman or the manager, or upon his giving to the man above him a portion of his earnings. Neither can he be contented if he feels that at any time he may lose his job if some relative or friend of the man in authority is in need of a position. And his uncertainty of mind is reflected in his work. It is to his advantage, and to that of his employer as well, for him to feel secure in his job so long as his work is satisfactory.

Strikes and lockouts. Unfortunately, employer and worker alike often fail to see how closely their interests are interwoven, and it is because of this failure to understand that our papers are filled with stories of the use of force by both sides. The employees feel that they are unfairly treated, and that their grievances are not given due consideration, so they quit work in a body until such time as their demands are granted. In other words, there is a *strike* or *walkout*. But the strikers fear that the employer may be able to go on with his work by making use not only of laborers in real need of work, but also of the *scabs*, who have refused to go out with their mates, or of the professional strike breakers, who are frequently "roughnecks" employed for the sole purpose of keeping

the factory running until the strikers are forced by a lack of money to yield. So the latter establish *pickets* who patrol the streets near their former place of employment, to prevent (peaceably, if they would remain within the



Drawn by Marcus

Courtesy New York Times

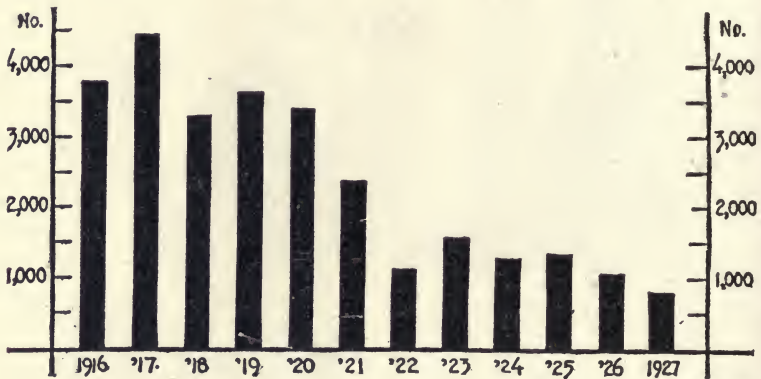
IT'S ALWAYS AFTER THE FAKE MEDICINES FAIL THAT THE DOCTOR IS CALLED IN

law) other workers from taking their places, and, in some instances, customers from buying goods.

On the other hand, when the employer feels that the demands of the workers have been unfair, he himself may be responsible for closing the factory. This is technically

known as a *lockout*. Frequently an employer gets the court to issue an *injunction* forbidding the strike, and consequently making the continuation of the strike a case of contempt of court, punishable by fine or imprisonment without a jury trial.

Other methods of compulsion. Sometimes the workers bring about a *sympathetic strike*, when workers in other lines of work quit through no grievance of their own, but



Courtesy The Cambridge Associates

LABOR DISPUTES ON THE DECLINE

The actual number of labor disputes in 1927, in proportion to the number of firms engaged in business, was probably the smallest in the nation's history, say the Cambridge Associates, of Boston. There were recorded 764 disputes which reached strike stage, as against 1,035 in 1926, and 4,450 in 1917. See if you can find later statistics, and add them to this chart.

as a means of forcing the employer to comply with the demands of the strikers. Sometimes the workers persuade their friends, and friends of their cause, to refuse to have any dealings with an employer who opposes their demands; they *boycott* him. Sometimes they publish in their trade papers lists of employers who are considered "unfair" to organized labor; while the use of the *union label* makes it easy for the prospective buyer to see whether or not he is getting a product made under union conditions.

On the other hand, the employer sends out to other firms in the same line of work a *blacklist* containing the names of undesirable workmen, some of whom are undesirable solely because of union activities. And a worker on such a list often has to change his name, because it is impossible for him to get work otherwise.

The position of the public. All of these methods tend to slow up production, and that affects us, the ultimate consumers. For we know that by the law of supply and demand any lessening in production is likely to result in increased prices. The strike may end with victory for the workers, if the union treasury with its strike benefits has been large enough to enable the strikers to outwait the employer. It may end with victory for the employer. But in either case it is the consuming public which must pay the bills. So it is with any other restriction in production on either side. The employer, if he happens to have a monopoly, may intentionally lessen the production in order to take advantage of the law of supply and demand to keep prices at a high level. If he is in a competitive industry he cannot do this. The worker may deliberately lessen the amount of his individual production, sometimes in compliance with union rules. He may indulge in *sabotage*, a destruction of an employer's property "accidentally on purpose," in order to force the employer to grant union demands. He may restrict the number of apprentices in order that there may be too few men for the necessary work, with the resulting higher wages. For the same reason he may put the initiation fee for entrance into the union unfairly high. But whichever party is responsible for such wilful lessening of production, the result is felt in the pockets of the people. No one who is fair wants to get his goods more cheaply at the expense of the well-being of another person. If the lessening of the production on the part of the employer is of a commodity with which the market is already oversupplied, the public has no right

to object. If the lessening of production on the part of the worker is a reaction against old methods of piecework payment, which drove the worker at high speed to make a bare living and left him worked out at the age of 40 to 45, then the public should be glad that such conditions have been remedied. But when the employer is anxious to charge all the traffic will bear, and the employee wishes to get all he can for himself, irrespective of the rights of others, then it is time for the public to take a hand in the matter.

Labor legislation. The public has already taken some action where the conditions of work have been so bad that enlightened public opinion felt that it must interfere. The work of the unions has done much to bring about the enactment of such legislation as the eight-hour law, laws against child labor, against night work for women, against working with unprotected machinery or in unnecessarily dangerous surroundings, and employers' liability and workmen's compensation laws, but it has been the force of public opinion which has really made it possible to push such laws through the legislatures.

Arbitration and conciliation. That there will be matters of dispute among the best intentioned people is inevitable. But there are more peaceable methods of settling disputes than by resorting to strikes and lockouts, and there are more immediate ways of smoothing out differences than by waiting for the slow forming of a public opinion which will remedy evils by legislation. Many concerns are glad to have methods of *conciliation* used, by which both parties are assisted in reaching a common agreement. Others make use of *arbitration*, by which the decision is referred to an impartial referee — or outsider. New Zealand and Australia both have provision for the arbitration of industrial disputes, while the Kansas Court of Industrial Relations (which aims to have the production of necessities such as food, clothing, fuel, and transportation administered for



Courtesy J. N. Darling and Collier's

IT WOULD BE EASY TO SOLVE THE PUZZLE IF IT WERE NOT FOR THOSE TWO EXTRA PIECES

the benefit of the public) is one of the most recent American attempts to solve the question of peaceful settlement. The courts have decided that the act establishing this Court cannot apply to all industries, but only to such as are "affected with a public interest," that is, to transportation companies, gas and electric lighting companies, and others that are commonly called public utility companies. In a case of a dispute between such companies and their employees, a state arbitration court may, without waiting to be asked by both disputants, investigate the question under dispute and decide it one way or the other. Both parties are then required to submit to the decision.

Industrial democracy. One of the most encouraging signs of progress in the relations between capital and labor has been the development of what is called *industrial democracy*, by which the worker is allowed a share in determining the policy of the shop. He helps to decide the conditions under which he shall work, his hours of

employment, the wages he is to receive, and the relations of the workers to each other and to the management. One of the best known phases of this industrial democracy is known as the *shop committee*, upon which both the workers and the employing group are represented. England has gone farthest in this direction by establishing during the war what are known as the "Whitley Councils," which provide for national and district as well as shop committees. Here in the United States the firm of Hart, Schaffner & Marx has proved that the principle can be worked out in the clothing industry, while the Filene Coöperative Association shows what can be done in a department store.

Stock ownership by employees. In America, however, another movement is developed which goes much further than anything which has yet shown itself in England; that is, the tendency for employees to gain a share in the management through the purchase of the shares of the corporations that employ them. If large numbers of the workers in a shoe factory will buy and pay for the shares of the corporation that owns the factory, then they themselves become part owners and have, as a matter of course, a share in the management. This method of employee representation is more rational; it goes more directly to the point and promises vastly more than can ever be achieved by the Whitley plan in England or anywhere else. American laboring men, literally by the millions, are making use of this method.

Professional organizations. The professions have never organized to the extent that manual labor has, but there have been associations of lawyers, of doctors, of teachers, etc., which have been formed to advance the interests of the profession. One point, moreover, which they have emphasized could well be adopted by the regular labor unions. The professional organizations, like the others, have been especially interested in increasing the financial returns for their services, but their tendency has been to increase

their fees or their salaries by raising the standards of the profession; in other words, to gain a greater remuneration for themselves by giving proportionally more valuable service instead of trying to raise their pay without regard to the quantity or quality of the work performed.

An organization is professional when it tries to win prosperity for its members by setting a high standard of performance and not permitting anyone to ply the trade who falls below that standard. A mere fighting organization, on the other hand, makes no effort to improve its work or to deserve better of the public. Many among the manual workers aim for the same ideal, and many in the professions are concerned only with the remuneration which they receive. But it would be well for organized labor as an organization to adopt this ideal as part of its creed, for the time will probably come when all organizations which hope to secure the good opinion of the public will have to become standard-setting organizations.

The history of the organization of labor has been a gradual growth in better living conditions. It is true that living costs have gradually increased. It seems almost incredible to us today that prices and wages could have been as low as they were at various times in the past, but that is largely a question of the abundance or scarcity of money. An abundance of money usually means high money wages and high prices, while a scarcity of money means low money wages and low prices. It is therefore quite possible for laborers to be as well off under low as under high money wages.

In modern times, money wages and prices have risen, but the returns to labor have increased still more rapidly. This has been especially true since the World War, when labor was so necessary for making materials demanded by the war that the returns to labor, in terms of real as well as nominal wages, were higher than they ever had been before in the history of mankind. And although nominal wages have gone

down somewhat, the real wages of those who have steady employment will probably never return to the prewar level. In consequence, the regularly employed laboring group is now faced with a new problem—what to do with the surplus. Some, unwisely, will spend all they make upon the satisfaction of immediate wants and present desires. Others who are wiser will live according to a higher standard, but will see to it that provision is made for the period of life when they can no longer be wage earners, as well as for the times of temporary economic distress which come from unemployment, from strikes, or from sickness.

HOW LABOR HAS ORGANIZED

1. What sort of work do you really enjoy doing? In what kind of a position would you be able to do such work in your later life?
2. How is your attitude toward your work likely to affect the quality of the work? Are you more or less likely to get tired easily if you like your work?
3. What was done with captives during the hunting and fishing stage? in the later stages? Why this change? Was it an improvement or not? Is it any argument for slavery today?
4. By what methods were slaves obtained? Are any of the same methods used today? Where?
5. What advantage has free labor over slave labor?
6. In an ancient history look up the institution of slavery under the Egyptians, Babylonians, Assyrians, Hebrews, Greeks, and Romans. Which nations treated the slaves the most harshly? the most kindly? Can you see any reason why this should be so?
7. How does the modern trade union resemble the medieval guilds? How does it differ from them?
8. Do we have the apprentice system in any of our trades today? How does it differ from the old apprentice system?
9. Why was there no real need of labor organization before the time of the Industrial Revolution?
10. Why did the Industrial Revolution mean a complete change in the labor problem?
11. Why were the hours unjustly long and the wages unfairly low in the early years of factory manufacture? Would it have been possible to pass legislation in advance to safeguard the workers?
12. Why are the labor unions so interested in retaining the right to settle disputes by collective bargaining?

13. Make up a little play which will show the value of collective bargaining in contrast to unorganized attempts to improve conditions.

14. How does a trade union differ from a labor union? from an industrial union? Of which type (or types) are the unions in your vicinity?

15. Make a poster showing the difference between a trade union, a labor union, and an industrial union.

16. What is meant by a *closed shop*? Why do the labor unions want it? Are there any closed shops in your vicinity?

17. What is the check-off system? Why do the labor unions want that? Have there been any examples of disputes over the check-off system in recent years?

18. What are the three great objectives toward which the labor unions are working? To what extent have they been successful? Is there any chance that they may use their organized power in such a way as to harm society? Explain.

19. Why is the certainty of holding his job (so long as he gives satisfactory service) really necessary to the welfare of the worker?

20. Could labor exist without capital? Would it be so well off without capital?

21. Find out some examples where the workers have taken over the management of a business. What has happened?

22. Do low wages always mean extra profit to the employer? Explain.

23. What causes for unemployment can you think of? In what way can these conditions be remedied?

24. Look up in the glossary "mobility of labor." How would a condition of great mobility in a given section be likely to affect (a) the unemployment question, (b) the wage question, (c) general prosperity.

25. What militant or forcible methods are sometimes resorted to by the workers? by the employers? What is the effect upon society of the use of such methods?

26. What factors would be apt to influence the length of strikes?

27. Cut from the newspapers any references to strikes which you can find. For what reasons in each case did the strikers quit work?

28. How does conciliation differ from arbitration? Why are such methods to be preferred to the more militant methods?

29. Make a report about the provisions of the workmen's compensation and employers' liability laws.

30. What laws have been passed in your state to improve labor conditions? What still needs to be done along that line?

31. Was the action of the Supreme Court in regard to the Kansas Court of Industrial Relations a good thing or a bad thing for the country?

32. Why should purchase of stock by employees help to make labor relationships more satisfactory?

33. In what way do professional organizations differ from other labor organizations? Is this difference a necessary one? How would our conditions of life be changed if labor organizations adopted professional standards?

34. How will each of the following affect the profits of a firm?

(a) the effort of the whole organization to render better service to the public.

(b) a courteous attitude on the part of the clerks and salesmen.

(c) an independent attitude on the part of the clerks and salesmen.

(d) an attempt to get the better of the customer on every business deal.

(e) an attempt to give the customer a square deal every time.

35. What examples can you see of an increasing desire of both employer and employees to render better service to the public?

CHAPTER X

HOW WE LEARN TO LIVE AND WORK TOGETHER

Training the prehistoric child. Every group has always trained its young people along the lines which it believed led to the ideal goal. Thus the chief end of life in prehistoric times was the mere preservation of existence, so prehistoric man early taught the children of his family how to shape weapons of stone, how to make and use the bow and arrow, how to make fire with fire sticks or flint, how to track animals or enemies silently, and how to conceal the signs of his own passing. And we may imagine that the prehistoric children learned much of the life of their prehistoric elders by playing at hunting or fire making or tracking, just as children today imitate in their games the activities of older people.

In tribal society, the youth was instructed by means of "initiation mysteries" in all the superstitious customs which were believed necessary for the production of food and for the preservation of the safety of the tribe.

Spartan education. The Greek city of Sparta was an armed camp, its members ever alert to defend themselves against any uprising of the servile groups on which they depended for their food and other necessities of life, and quick to take aggressive action against enemies outside their borders. Thus the Spartan boy was inured to hardship that he might be able to withstand the rigors of a military campaign. He was taught to steal skilfully—although never from other Spartans—that he might successfully forage for his food during a war. And he was trained to marching and to the use of arms until he developed

THE ATHENIAN OATH

I WILL NOT BRING DISHONOR UPON MY ARMS, AND I WILL NOT DESERT THE COMRADE BY MY SIDE. I WILL DEFEND THE SACRED PLACES AND ALL THINGS HOLY, WHETHER ALONE OR WITH THE HELP OF MANY. I WILL LEAVE MY NATIVE LAND NOT LESS, BUT GREATER AND BETTER THAN I FOUND IT. I WILL RENDER INTELLIGENT OBEDIENCE TO MY SUPERIORS, AND WILL OBEY THE ESTABLISHED ORDINANCES AND WHATSOEVER OTHER LAWS THE PEOPLE SHALL HARMONIOUSLY ESTABLISH. I WILL NOT SUFFER THE LAWS TO BE SET ASIDE OR DISOBEYED, BUT WILL DEFEND THEM, ALONE OR WITH THE HELP OF ALL. AND I WILL RESPECT THE MEMORY OF THE FATHERS. THE GODS BE MY WITNESSES.

THIS WAS THE OATH TAKEN BY ATHENIAN BOYS UPON COMING TO AGE

into a hardy man, bred for a life of warfare, the softening influence of family life being sacrificed in order to develop an unswerving loyalty to the State.

Athenian education. The Athenian boy learned warfare only as a part of the greater culture which included the ability to speak well in public, to accompany song with the playing of the lyre, and to develop an appreciation of the beautiful in all the affairs of life. Athenian culture aimed to produce a highly developed individual who was loyal to the State but did not regard it as the only thing to be considered.

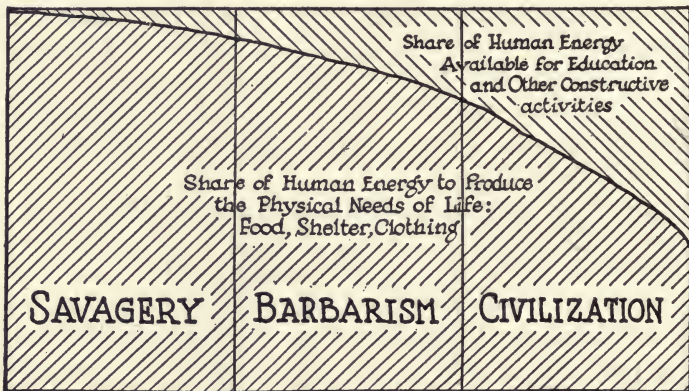
In like manner, Rome developed the effective organization of an army and state; the medieval church produced a group of ascetics who renounced the world and all its temptations; the German bred two types, one consisting of a few supermen as leaders, the other a mass of obedient followers; while the English have striven especially to train their people for good sportsmanship in all their relations with mankind.

Purposes of American education. In consequence, we can never find out whether our training in America is what it ought to be until we find out the goal which we have in mind. Many foreigners have an idea that the American goal is the making of money, and perhaps they have some ground for such a belief. If we are asked to name half a dozen successful men we are apt to lead off with such names as Henry Ford or Andrew Carnegie. The Athenians in answer to the same question would have mentioned Æschylus the dramatist, Phidias the sculptor, Socrates the philosopher, or Pericles the statesman.

And yet when we examine more closely we see that our admiration of these rich men is colored by the service which they have rendered by the making or the spending of their money. Henry Ford has given pleasure to millions by his development of an inexpensive car, while Andrew Carnegie is remembered less for his money than for the libraries which he has scattered broadcast over our country. And we think of such men as Thomas Edison or Luther Burbank less in terms of the money they have made than in connec-

tion with the scientific experiments which they have brought to a successful conclusion. So we see that a wholesome attitude toward society and conspicuous service to mankind play a large part in our education today.

A number of men who have been working under the direction of the Bureau of Education of the Department of the Interior have classified the purposes of modern American education under seven heads. *Vocation* is, of course, to be included, since a man who cannot support



Courtesy Division of Research, National Education Association

WHY THE COST OF EDUCATION WILL CONTINUE TO INCREASE SO LONG AS PROGRESS CONTINUES

himself and those dependent upon him is little good to himself or to his community. But vocation is not so important as some people would have us believe. A man cannot be a productive worker unless he has his *health*, and even if well-trained he may become, through illness, a dependent upon society. He cannot carry on his everyday intercourse with his fellows unless he has a good *command* of such *fundamental processes* as the "three R's." Since all communities are made up of families, he needs to be trained for *worthy home membership*. He needs to know how to *spend his leisure* in such a way that he is

better fitted for service as a result of such recreation. He needs to be taught *to understand and to help* in all the various phases of the *government* from which he receives benefits. He needs to learn to *judge between the right and the wrong* of all questions which arise, since an educated "crook" is undoubtedly the least desirable of all the citizens that a country possesses.

We must understand at the outset that the education of a boy or girl along all these lines is not obtained entirely at school. Education is really experience, and the true purpose of the school is to piece out the education we acquire by less formal methods, which begin long before we are old enough to speak intelligibly and which never finish as long as we live. It would be possible for us to learn much that school teaches us without going to school; but learning these things at school is a quicker and easier method. It is possible to get to the top of an eleven story building by climbing the stairs, though it is easier and quicker to take the elevator.

The effect of the industrial revolution on education. In the earliest times, practically all education was in the hands of the family group. The father instructed the boy in the lines of work which were characteristically men's work, while the mother trained the girl in the household tasks which were the woman's sphere; and the children gained within the home their ideas of tribal loyalty, of obedience, and of all the other social virtues. But when the industrial revolution drove industry from the home, and production could be carried on more efficiently in factories, men no longer could train their sons in the industry to which they had been bred. In the home, too, the industrial revolution had made great changes. Flour, butter, preserved goods, and other foodstuffs were more cheaply obtained from outside sources. Even the work which was left at home became greatly simplified by the use of electric washers and ironers, fireless cookers, vacuum cleaners, and a thou-

sand other labor-saving devices. Repair work went to the tailor shop, the preparation of foodstuffs to the delicatessen store, washing and ironing to the laundry; and the home ceased to be a school of industrial training.

Home training. Yet with all these changes, the importance of the family as trainers of the young has not entirely vanished. A child remains, during the most impressionable years of his life, almost solely under the influence of his family. From them he learns to talk and to walk. Even more, he gains or fails to gain those basic qualities of discipline, loyalty to group, and service for the common good upon which right living together depends. He is born with certain tendencies which will develop one way or another; for example, the desire for constructive workmanship and a curiosity which may manifest itself in a desire to break up everything in sight to find out how it works. By right training these tendencies may be diverted into the custom of fixing up the things about the house which are found to be out of order.

Again, he has a desire for ownership, for acquiring and collecting, which may appear in a selfish desire to keep for himself all he can lay his hands on, or may take the form of an orderly collecting of stamps, of butterflies and beetles, of shells, or of stones. He seems to have a natural pugnacity, a desire to fight, but he may show it in an endeavor to be the town bully, anxious to exhibit his strength by inflicting suffering on those unable to defend themselves; or he may stand unflinchingly for what he has been taught is the right. He has a desire to be in a group and to gain the group approval. This may result in membership in a gang which is the terror of the neighborhood, or in working with such organizations as the Knights of King Arthur or the Boy Scouts.

He has a sense of rivalry, which may cause him to strive for victory with no regard for honor and fair play and may lead him sometimes into positive wrongdoing, or may

inspire him to see if he can surpass others in service for the common good. He has an inventive turn of mind, which may be turned aside into the habit of devising new tortures to be inflicted upon dumb animals and weaker children, or may be cultivated to the end of finding short cuts in doing worth-while things, such as building a radio. He has a love for adventure and the chase, which may lead him to run away from home and sever himself completely from home influences, or to find in sports and games a satisfactory outlet for this instinct. He has a desire for leadership and mastery, which may cause him to take the initiative in petty thievery and wanton destruction, or to become the leader of a Scout troop or captain of the football or track team. He has a certain wish to follow, as well, which makes him always a hero worshiper. He may find his idol in the street-corner tough or in a Roosevelt, a Dan Beard, or a Lindbergh. He has a desire for display, which may make of him an unbearable "show-off" or may prompt him to see that he is always well groomed and carefully dressed.

Which expression of his innate tendencies he will choose depends almost completely upon his family influences. If the home is disorderly, if there is lack of harmony and affection between the parents, if selfishness is the rule and the family ideals and standards are low, there is little chance of his growing up honest, self-controlled, unselfish, and socially serviceable, no matter what his later outside teaching may be. Since he learns by example rather than by precept, what he is taught can hardly be expected to offset the habits which he has formed at home.

Weaknesses of the modern home. In many cases the parents have followed industry out of the home. The father no longer works with his boys, but daily betakes himself to the factory or the office, sometimes working hours so long that he hardly knows his children, since he leaves before they wake and returns only after they have

gone to bed. Often the mother, too, finds it necessary to become a breadwinner, taking up laundry work, factory work, scrubbing, or sewing, and by the small wages she receives helping to keep the family together. Perhaps the whole family spend their waking hours in a tenement workshop, a sweatshop where the wages are so low that even though all the children help in making clothing or artificial flowers, or in picking out nut meats, the whole family must eat, sleep, and work in the same room.

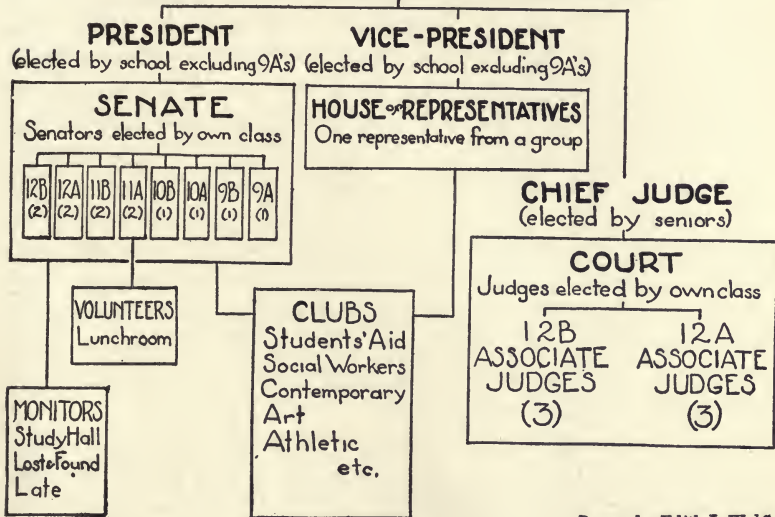
Sometimes it is not work which takes the mother from the home. It may be a bridge club or too great fondness for "movies" and vaudeville, or even an uncontrolled habit of back-yard gossip. Perhaps children and parents alike have grown to regard the home as a place to remain in only when there is nowhere else to go. But whatever the cause of the absence of a right home environment, it results in a failure to develop that necessary spirit of teamwork and of obedience to the rules that exist for the welfare of the larger group.

School training. As the home has given up more and more of its earlier training, the school has assumed it. Teaching the three R's used to be almost all that was necessary. But when industrial training was no longer possible at home, the schools felt it necessary to put in courses in mechanical and domestic arts, and in commercial work. With the growth of cities, and the consequent impossibility of getting the requisite amount of fresh air and exercise, training in physical education was found advisable. Courses in art, literature, and music were introduced that the pupils might have a keener appreciation of the fine things of life, and might know better how to spend their leisure time. The physical sciences began to be stressed as our dependence upon mechanical devices increased. The social sciences have been receiving greater emphasis since it is coming to be realized that progress consists in learning how to adjust oneself to the needs and

comfort of others, and that the adjustment is not always easy—in fact, is growing more and more difficult.

Even the organization of the school has been changed. The Junior High School, with its “try-out” courses, has been introduced in many cities to take the place of the

STUDENTS' ASSOCIATION OF THE WILLIAM PENN HIGH SCHOOL



Drawn by Edith I. Wolf

THE ORGANIZATION OF A HIGH-SCHOOL STUDENTS' ASSOCIATION
This diagram is the work of a pupil of the school. Doing such work will help you better to understand organization.

last two years of the grammar school and the first year of the old four-year high school. Student participation in school government has been widely adopted, and clubs of all sorts have been started in many schools, since it has come to be recognized that the end of education is not simply to impart information but to train for living together.

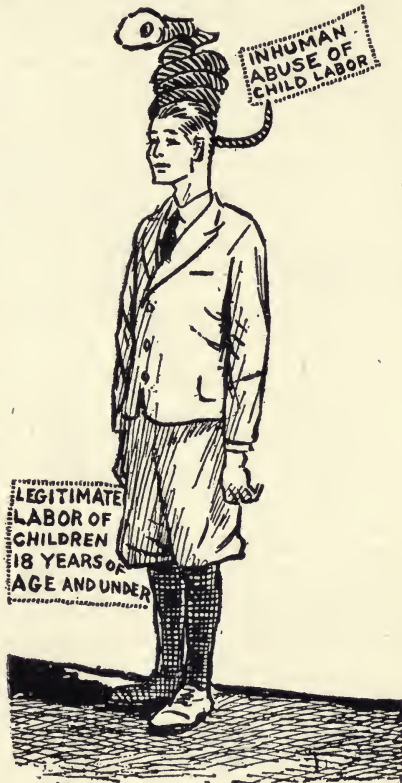
Compulsory attendance. Education is especially necessary for a democracy. Every monarchy and aristocracy realized that the safest way to keep the people from demanding rights was to keep education from them. Governor Berkeley of Virginia, in Colonial times, thanked God that there were no free public schools, since aristocratic control in that colony would have been questioned sooner by an educated than by an illiterate group of common people.

In order that as many of its people as possible may be able to learn about the problems which a democracy is called upon to face, compulsory attendance laws have been passed by the various States. These require attendance at school until the age of 14 in most States, and in some States until 18; and in many cases continuation school attendance is compulsory. Perhaps it seems queer to pass laws trying to make pupils become educated whether they wish it or not. But since the family can no longer be depended upon to give the training which it used to give, school training is proportionately more important; and since the problems of the United States have become more varied and more complex as the country has become more densely settled, a higher degree of intelligence and education is required.

There seem to be three groups of people who need such laws to restrain them. One group is made up of parents who care more for the money which their children can bring in than they do for the future well-being of the children. Another group is composed of pupils who dislike the restraints of school and are lured away by the desire to have money of their own to spend, and who do not realize that by failing to gain the training offered they are probably sentencing themselves to laborious work at poor pay for the rest of their lives. In the third group are found those employers who see in the children merely a cheap labor supply, and who oppose the laws because they feel that such laws are financially unprofitable to them.

Continuation schools. In some of the States pupils who leave school between the ages of 14 and 16 in order to go to work must spend a certain number of hours a week in what is known as continuation school. Thus they are provided with an opportunity to continue their education, and since in many cases they take up industrial courses, they become better fitted for the type of industry in which they are actually working.

Educational opportunities. Still other opportunities are open for this school training. Private schools have been established which take care of these pupils who for one reason or another do not find that their needs are met by the public schools. Colleges, universities, and technical schools offer the additional training which present-day conditions seem to demand. For the question of education is growing to be increasingly important. The educational requirements for entrance into nearly all kinds of work are being steadily raised. Employers in many lines of business now require a high-school diploma of any applicant who is even considered for a position. The better hospitals, too, are demanding high-school training from their student



Drawn by Westerman

Courtesy Ohio State Journal

WANTED: WILLIAM TELL LEGISLATURES

nurses. Even business is today becoming a profession, demanding after-high-school preparation almost as much as do the professions or the arts, and colleges of business administration are appearing in many of the great universities. In many cases boys and girls who really want to continue their education cannot afford to do so. Not so many years ago it was almost impossible to overcome this handicap. But through State universities, where tuition is free to inhabitants of the State, and through scholarships and fellowships in other colleges and universities, almost any ambitious boy or girl can gain as much education as he or she desires. Night schools, university extension courses, and correspondence schools have still further extended the possibilities of obtaining an education. Libraries, both fixed and traveling; lectures and courses given under the auspices of the Young Men's Christian Association, Young Women's Christian Association, Knights of Columbus, and Young Men's Hebrew Association, Chautauquas, and industrial clubs; art and natural history museums and institutes, all have helped to spread the opportunities for learning.

The newspapers. Yet even the family, the school, and these outside sources are not responsible for all the education that boys and girls, and even adults, receive. Every day we are being educated along one line or another, although frequently we fail to realize that fact. The daily paper educates us, the character of the education depending upon the type of paper we read and the departments which most readily claim our attention. It may foster an unhealthful interest in crime, divorce, or catastrophes, or it may keep us well informed on the events which are taking place in all parts of the world. The editorials may give us a biased and prejudiced viewpoint on matters of public concern, and may play off the jealousies of one class against another, or they may train us to weigh the evidence on both sides of a question and form intelligent judgments upon such

matters. The very style in which the paper is written will unconsciously influence our own manner of speaking and writing. Our interests and attitudes will be influenced largely by what the daily paper puts before our eyes.



Drawn by Murphy

© Starr Company of New York.

Courtesy San Francisco Examiner

THE REAL TEACHER

The motion pictures. The "movies" are coming to give us a greater and greater part of our outlook on life. Educational films, "Topics of the Day," and pictures with an industrial background give us far clearer ideas of what

is actually going on around us than the written words of our favorite newspaper can possibly do. But sensational pictures which give us a false idea of life many times are responsible for attitudes and acts which hardly would have been possible in the days before the motion pictures were invented. The ideals of boys and girls are frequently formed in accordance with the stories in the motion picture magazines about favorite actors and actresses. If the newspapers we read are of the yellow variety, and the movies we attend are of the sensational type, it can hardly be expected that we shall be able to judge intelligently about the questions which as citizens of this great republic we shall be called upon to decide.

Other sources of education. Magazines and books, advertisements and billboards cannot be disregarded as influences in our training. Neither can the radio, which is daily increasing in its extent and importance. Even the casual conversation which we carry on with a mere acquaintance will leave its imprint upon us. With so much from which to choose and so many ways of learning, consciously or unconsciously, we need to take careful thought and select only those which we know are likely to help us to be the kind of people we really want to be.

HOW WE LEARN TO LIVE TOGETHER

1. Find out from the use of the dictionary and from people who should know, what is meant by education. What do you think is the value of education, economically, politically, intellectually?

2. What were the chief aims of the education of prehistoric man? of the Spartans? of the Athenians? of the Romans? of the Germans? of the English? Do you think standards have improved? Explain.

3. Make a poster which will show the purpose of the education of prehistoric man, of the Spartans, of the Athenians, of the Romans, and of the Americans?

4. How do you account for the difference between Spartan and Athenian training? Which was more nearly like American training? Explain.

5. Find out more about Æschylus, Phidias, Socrates, and Pericles. If we had more appreciation of men of this sort, do you think that there would be more of them? Explain.

6. Do you think that the goal in America is the making of money? Discuss.

7. Write at the head of a sheet of paper the seven objectives of American education. Under each of these write the study or studies which you think would help in attaining that particular objective.

8. Make a list of the studies you are taking and expect to take before you graduate. After each one write the name of the objective it will help you to attain.

9. In making the above lists, would it make any difference what type of work you intended to take up?

10. In your curriculum what subjects are you required to take? Why are you given a choice of electives?

11. For what lines of work would the commercial course in the high school prepare you? the mechanics arts course? the domestic arts course?

12. For what lines of work would you need professional courses in technical schools or colleges? What courses in high school would best prepare you for entrance to these schools?

13. Why is a "good command of the fundamental processes" more needed than ever before?

14. What have you learned at school which will enable you to be a more worthy home member?

15. How could you plan your home activities so that your membership would be more effective?

16. What sort of things do people do during their leisure time? Why should leisure time activities be just as carefully planned as work?

17. How would you go about planning your reading hours? your summer vacation?

18. Name twenty things you have learned in your home. Name twenty you have learned in school; twenty you have learned elsewhere.

19. Mention ten things which you have learned outside of school that have been of value to you in your school work.

20. Mention ten things which you have learned in your school which have already proved useful to you in your life outside of school.

21. Why has the school taken over much of the education which was formerly in the hands of the family? How many of the things learned at school could be taught in the home?

22. What sort of work about the home did your mother and father have to do when they were young which you do not have to do today? What sort of work did your grandparents have to do which your parents did not have to do? How do you account for this?

23. Why should you expect a child to learn more at home than he possibly can in school?

24. What changes in our industrial life have made it very difficult to keep the right sort of family life? Can we do anything to improve these conditions?

25. How does the work done by the modern specialists, in the clothing factory, the laundry, etc., compare with the same sort of work done by your mother at home, in cost? in quality?

26. Could you learn from your parents or other relatives all you need to learn about the profession or trade which you wish to follow? Explain.

27. Find out from your parents which of the courses which you are taking they did not have an opportunity to study. Ask them if they would have liked to study such subjects, and find out the reasons for their answers.

28. Why are compulsory education laws necessary? Why would not free education be enough?

29. What are the school laws in your State? Are they carefully enforced?

30. What are the advantages to the community of having educated citizens?

31. Do you have student participation in school government in your school? What advantages has it over the old method? what disadvantages?

32. Do you belong to any school clubs? What do you learn in them which you think will be of advantage to you when you grow older?

33. If you have student government, make a poster showing its organization.

34. Why is education more necessary under a democratic form of government than under any other form?

35. Do any of your friends go to continuation school? What sort of work do they take up there?

36. If you should leave school for work and should have to go to continuation school, what courses would you like to take up? Why?

37. Have you any friends or acquaintances who worked their way through school or college? What work did they do?

38. If you were forced for financial reasons to quit school, how could you get the education you would like to have?

39. What steps have been taken recently to improve the quality of the newspapers?

40. In what ways are the "movies" a good thing for society? In what ways may they be harmful?

41. From which have you learned more, individually, the "movies" or the radio?

42. What is the most interesting information you have gained through the "movies"? over the radio?

43. How much of your education do you owe to society? In what way does society expect you to satisfy this debt? Discuss the Athenian oath.

44. "There is no monopoly so bad as the monopoly of knowledge." Comment on this quotation and discuss the effect of free schools on the monopoly of knowledge.

45. Germany, before the World War, helped to supply Russia and the Balkan States with trained men while importing unskilled laborers from those countries. The United States sends trained men to Mexico and imports laborers from that country. How do you account for these facts? Do you think that they are explained by the fact that Germany and the United States have excellent systems of public education while Russia, the Balkan States, and Mexico have not?

CHAPTER XI

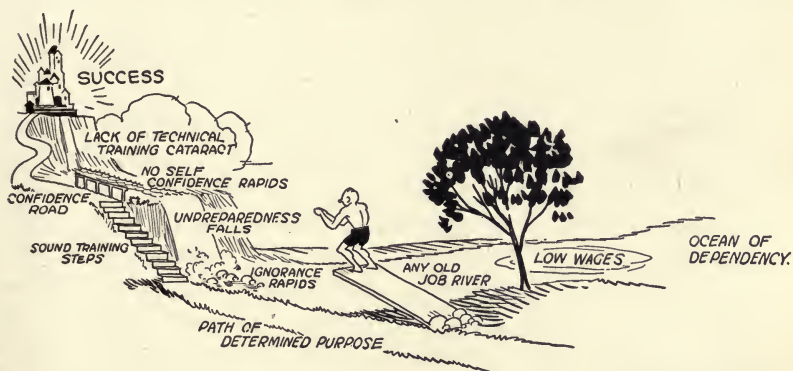
HOW WE PREPARE FOR OUR LIFE WORK

Reasons for considering choice of a vocation. Too many of us are like Steve Brodie who jumped off the Brooklyn bridge. We will try anything once. So we feel that we do not need to take much thought as to a future vocation, for if we try one thing and do not like it the opportunity is always open for a change to some more desirable line of work. We all know that Abraham Lincoln was a flatboat hand, a clerk in a country store, and a rail-splitter before he even took up the study of law; and later he became President. We learn that Andrew Carnegie peddled oranges, was a bobbin boy in a cotton mill, and later became a telegraph messenger and a telegraph operator, and a private secretary before he became connected with the steel industry in which he made his fortune. So, too, Theodore Vail, the man who "has put all Americans, North, South, East, and West, on speaking terms," was a telegraph operator in the mail service and a mail clerk before he became connected with the development of the telephone.

But the trouble is that we see nothing but the jobs these men held. We fail to realize that it was not the positions they filled, but the characteristics they displayed in their work, which made them great men. The Abraham Lincoln who studied by the light of the log fire, or walked miles to return a borrowed book, is far more truly the forerunner of the great President than the Abraham Lincoln who split the rails or waited on customers in the country store. So, too, it was the initiative and the willingness to assume responsibility that attracted the attention of his superiors

to Andrew Carnegie, the young telegraph operator, and gave him his chance. It was the skill he displayed in reorganizing the routing of mail that brought Theodore Vail into the public eye. These men were great not because they held particular positions, but because in humble jobs they showed the promise of the ability to fill greater ones.

Of course it goes without saying that any job is better than no position at all. But a position that offers us a chance to use the abilities with which we have been blessed



Drawn by Guinness

LOOK BEFORE YOU LEAP

A few years of preparation will far offset any present returns for unskilled labor. Whether this boy goes up or down stream, he is going to have a hard time.

is preferable to one into which we have drifted more as the result of accident than from deliberate choice. Moreover, many of our greatest men have used positions which they could obtain as stepping-stones to those they wanted, because the easier method of a systematic training was withheld from them by poverty. They were not wasting opportunities, as any of us would be doing if we failed to take advantage of the training which the schools offer. They were merely making the best use of the opportunities which lay within their grasp. Perhaps if the desired train-

ing could have been obtained at an early age the world might have profited by their genius even more than it has done.

Value of a wise choice. There is much to be considered in choosing a life work. Each of us can undoubtedly do some one thing better than he can do anything else and better than the majority of people can do it. And if he finds the niche where this particular gift is of great value, he will make a success of his work. One may have the ability to remember names and faces, another the gift of remembering figures and statistics accurately; one may be able to organize facts, another to work with other people very harmoniously. But if we try to fit into a position for which we are not really qualified, we are liable to fail.

That is why it is wise to make a thorough survey of all the fields of work which lie open before us. We shall probably not at first select the line which we wish to follow; we shall merely eliminate those from which we are shut out either by our own limitations or by our inclination. When the field of choice has been narrowed to two or three, we can make a detailed study of these before we make our final decision.

Social effect. But a wise choice on our part will not only help ourselves. Upon such choices depends the well-being of society. If no one works, civilization cannot progress. If those who work do not work to the best advantage, civilization will not progress as fast as it could. Moreover, if each is in his proper place—that place where he is able to do his best work and where he is most needed—the “economic machine” will be more likely to work harmoniously. There will be less danger of unemployment, for the great cause of unemployment is a lack of balance among occupations. If there are too many trying to do one kind of work and too few fitted for another kind, some of the former group are certain to be unemployed. There will be less danger of pauperism or old age dependence, for a person who is doing work he enjoys and does well, and for which there is an active demand, will be less likely to resign his

position or to be discharged. The wealth of the community will be increased, because any of us accomplishes more when he is in a line which he likes, for which he is fitted, and which is generally appreciated. Finally, there will be more contented and more law-abiding citizens, since people who find satisfaction in their work are less likely to seek satisfaction in outside interests—sometimes outside the law.

It is to help us to make such a wise choice that vocational counsellors are provided in schools, and personnel directors in industries. Each individual, too, can find out for himself more about the lines in which he is interested by asking questions directly of men and women who are employed in that work, by seeing that the courses selected in school are those best fitted to give preparation along those lines, and—where possible—by selecting for summer work something which will give him an actual taste of the work which he will be called upon to do in such vocations.

Personal inclination. So the first thing a boy or girl ought to do is think about the career that he or she would like to follow. That means really to think about it, to examine it from all sides, and to see what it demands as well as what it has to offer. Many a boy has felt a desire to work in a confectionery store because it would give him a chance for unlimited indulgence in candy. More than one girl has decided that school teaching was the life for her because the hours are short and there are many holidays and a long vacation. One boy traveled across the continent with a naval officer, and decided that he would like to take up that particular profession because he had liked the man.

One point we want to get clearly in mind: There is no job which is 100% attractive. Most of us see merely the desirable parts of the work which is done by others. A boy or girl, for example, sees in the position of buyer for a large firm the opportunity to travel. But neither sees the nervous strain which comes from being constantly on the alert to know what the public is likely to demand next, and the

danger of losing the position if one fails to forecast correctly. We do not see the drudgery which is a part of all lines of work at all times. That is why at school it pays to learn to do well even those things which we do not like to do, in order that we may get the habit of doing well even unpleasant work. Then, when we meet such work as a part of our life career, we "just naturally" get it over with quickly and are in a position to enjoy the parts of the work which we do like. Very few people get out of their work all there is in it of pleasure or of opportunity for advancement, simply because they are not trained to do so. That is why it pays to learn all we can about our work before we really begin to do it. There is so much competition for the well-paid positions today (and such competition is continually increasing) that only the best fitted have a chance of securing and holding them.

Choosing a vocation without giving it the necessary thought demands a bitter payment in the years to come. No one can accomplish much in work which he does not enjoy or which he is not fitted to do. No one can be happy in such work. It is less interesting, the chance for advancement scarcely exists, financial independence drifts further and further away, and one is a less useful and less contented member of society.

Personal fitness. All men may have been created equal, politically speaking; but not all have been given the same interests, tastes, and abilities. A good thing it is for the world, too, for "perfect equality would be perfect stagnation." If all men were equally good lawyers, where would be the clients? If all were merchants with equal stocks, where would be the customers? If all were equally good preachers, where would be the congregations? Fortunately for us, no two men are created exactly equal in all respects.

In consequence, our first step toward the wise choice of a career would be a study of our own personal qualifications.

A boy who likes an outdoor, roving life, has a mechanical bent, and is impatient of routine and detail, would not be well fitted for a "white collar job," like that of a clerk or a bookkeeper. He would be much more interested in a line of work such as that of a bridge erector, with its prospect of life in the open, a chance to show initiative, and a continual necessity for physical effort. Another, shrinking



Drawn by Guinness

WHAT DOES THE FUTURE HOLD?

from the necessity of doing without the comforts of a settled life, and dreading responsibility, would be better content in the quiet, orderly routine of an office position.

From certain types of work we should probably be kept by our own limitations. A one-legged man could not hope to get a position as a tight-rope walker, nor a blind man as an artist. So, too, a person with an "ingrained inaccuracy" (that is, the sort of person who can add a column

of figures three times and get three different answers) would have no chance of becoming an expert accountant, while a person who lacked the instinct for things mechanical would do well to steer clear of plumbing, automobile repairing, or engineering.

Once we understand what sort of people we ourselves are, it will be easier for us to think of jobs in terms of our own personalities. Perhaps the wisest thing a girl or boy can do is to decide at the outset which vocations they do not wish to enter. There will remain, probably, two or three occupations which will seem attractive; and later training, or the opportunities which happen to be open, will probably decide which of these few will be the life work.

Opportunities in the work. Yet not all positions which we could fill, at least passably, would be worth while for us. We might be able to teach Sanskrit, and Sanskrit is a perfectly good language. But, like the "perfectly good cat" which the little boy found in the ash can, it is a dead one; and while there may be a few teachers of Sanskrit in the colleges, there is little call for such work. So, unless we happened to be among the very finest students of that language, we should do well to prepare for work in another line where the demand for our services would be greater. The old saying is, "There is always room at the top." But the modern wise man adds, "and more room at the bottom, with more going that way." If a person is good enough in his line of work, he is sure of a success in that vocation, — but the trouble is that most of us are not very wonderful people. Nearly always there are plenty of other workers who are better in such a line than we should be, so we must make certain that there is room enough in the vocation we choose for us as well as for them.

Blind alley jobs. Often, of course, we should not wish to consider positions which would be very easily obtainable, and which offered us a fair wage at the start. What really counts isn't the wage at which we begin, or which we receive

after a year or two of work, but what sort of position such work will finally lead to. Not the initial wage but the chance for advancement is what counts in the last analysis.

Most of us, at one time or another, have been in a hurry to get to a street which runs parallel to the one we happened to be on, and noticing a little alley leading in the proper direction, have decided that taking such a short cut would be quicker than going down the block to the next street. When we had gone some distance we discovered too late that it was what is known as a blind alley, and that we must go back the whole length. By trying to take a short cut we had merely added to the distance we must traverse. So it is with jobs. The street we want to reach is a comfortable salary, and we too often take the first blind-alley job that offers, not realizing that it leads us nowhere, and that in order to advance we must retrace our steps and start all over again. Such a job as bootblacking or delivering papers or acting as messenger boy is all right for a boy who wants to make a little money in his spare time, but for anything but juvenile work it is certainly a blind-alley occupation. We may take it up, if we prefer, but we must remember that to arrive at a position which is really worth while we shall have to start all over again.

Fields of work. There are two general fields of work—work with the head and work with the hands. Mental work is generally better paid and considered more dignified, perhaps because it requires more preparation and because there are fewer people who have the necessary training. But our own choice should not be determined by that fact. It is foolish to try to make a poor lawyer out of an excellent truck driver. A skilled mechanic gets more pay and undoubtedly more joy out of his work than an underpaid clerical worker.

Ability and opportunity. If we want to make the best of ourselves, we need to be sure that our abilities and our jobs dovetail together; that a position which we obtain is one which uses all the abilities we have and calls for no

essential qualities which we do not possess. We cannot expect to get such a position at first, but if we find out what type of work is best for us we can study to fit ourselves for it, and we shall be ready when the opportunity offers. But we must be very careful in our choice. A mistake at the beginning is likely to be followed by a train of even more undesirable consequences, just as two straight lines starting at the same point diverge more and more widely as they are extended farther and farther. There are two factors to be considered in our choice: ability and opportunity.¹

No ability	+	Opportunity	=	Failure
No ability	+	No opportunity	=	Stagnation
Ability	+	No opportunity	=	Discontent
Ability	+	Opportunity	=	Success

If we follow the line of our ability and are ready to seize opportunity when it arrives, there is little chance of failure. But, as someone has said, opportunity is merely seeing what needs to be done, and success is doing it. Many of the opportunities that appear are trifling ones, but a boy or a girl who has formed the habit of taking advantage of the smaller ones will not be "out" when his great opportunity knocks at the door.

Aspiration. A great American philosopher has given us the advice, "Hitch your wagon to a star," not because we shall ever attain the star, but because our aspiration for it will mean a progress we should never achieve without some such definite and desirable goal. But merely setting a goal is not real aspiration. Too many of us have merely "wish bones"; the desire for great achievement—preferably without work—not for the service that such achievement would render, but for the ease and comfort that we imagine would go with it and for the resulting envy of our less fortunate fellows. What we need is not a "wish bone" but a "back

¹ R. B. Wilson, Babson Institute.

bone." The man who "gets there" sets a goal and plugs on doggedly toward it, never heeding discouragement and seeming failure, never losing sight of the desired end, but working everlastingly toward it, until he finally achieves it. Not only aspiration but perspiration is essential to success.

Did you ever watch a puppy or a kitten at play? It is always chasing something, sometimes its own tail, but it seldom catches anything. It is too easily diverted. It chases the first thing it sees, but forgets that and chases anything else which comes within its sight. A young animal has no great purpose in life, and even if it had, it couldn't pursue that purpose for a long time. Even young children cannot be expected to have a purpose in life, but grown-ups are different. Unless one develops a great purpose, one is likely to go through life, chasing one pleasure after another and never achieving anything, not even happiness.

However, we should use wisdom in the choice of our aspiration. Too many freckled-faced, snub-nosed maidens with their heads too full of movies and movie magazines have visioned for themselves a position like that of Greta Garbo, Joan Crawford, or Norma Shearer, in Hollywood, with the idea that mere desire without ability is all that is needed.

Too many boys have planned to match the exploits of Lindbergh—boys to whom the multiplication table is too difficult mathematics, or have imagined themselves as the successor of Babe Ruth when they can miss balls that come straight across the middle of the plate. What should determine the real aspiration of each one of us is not what we imagine we should desire to do but what we are qualified to do better than anyone else has done.

Personality. But choosing a job and getting it are different matters. Did you ever try to land a job? Maybe you were lucky, and got the job; or perhaps you saw it go to another who was really not so well qualified as yourself. Why did the employer choose one applicant and refuse another? It was because, to put it crudely, for some

reason or other he "liked his looks" better. It may have been a question of clean finger nails or well-polished shoes; many an employer, by his own confession, has based his decision on just these points. It may have been the contrast between an unpleasant and a pleasing voice, or the appropriateness of a dress for office wear. It may have been a little show of courtesy or good breeding. An attractive smile may have won the day; and many a time the enthusiasm of the applicant for a position has been the deciding factor. But, whatever it was, it was probably some form of personality, the quality that lands the job.

Courtesy. We cannot change the color of our eyes, or the shape of our noses, or "add a cubit to our stature." But we can build up an attractive personality if we are so minded. Anyone can be courteous if he will only make the effort. To some it comes easily; others may find it more difficult; but anyone can cultivate the habit of courtesy. All that courtesy means is making other people feel comfortable when they are with us. If we are thinking too much about how we ourselves feel and how other people are treating us, we shall not have time to consider others. But if we are on the alert, we can see the times when we can show our courtesy by an opened door, the gracious acceptance of a favor, or by an answer which shows that we have been paying attention to what another has been saying.

Appearance. So, too, our appearance counts for or against us. A slovenly appearing boy or girl may not always do slovenly work, but the chances are that both will. A trim, neat, carefully dressed person is as much a part of an attractive office as is a well-kept desk or well-chosen furniture.

There is one point in appearance about which girls need to be especially careful. They may enjoy their work, but they should remember that it is no party, and should not come to the office as if they expected their work to be one. A dress that is perfectly appropriate for an evening affair may be quite out of harmony with the surroundings of a

business office. Girls may wear just as pretty and just as becoming clothes as they like—the prettier and more becoming the better; but they should be the sort of clothes that look as if they belonged in an office.

Manners. Manners are as important a part of personality as any of the foregoing. There is no need of being over-polite—making such an apparent effort that no one believes that the person is sincere. But manners do help in carrying on the work of the world smoothly. A famous Frenchman was once told that manners were merely “hot air.” “Ah yes,” he responded, “but would you not rather ride in an automobile when there is air in the tires?”

Voice. One other point in personality far too often neglected, is the voice. And in this day and generation, when so much of the world’s business is carried on over the telephone, the voice is almost more important than the personal appearance. A reasonably low pitch is far more pleasant to the ear than a high one. Reasonably slow speech is much more easily understood than is rapid chatter. Distinctness is very necessary if there are to be no mistakes in business transactions. And variety in speech, in place of monotony, makes a voice to which it is more pleasant to listen.

As more and more of the work of the world is being taken over by machinery, it is becoming more difficult to get a position. And all phases of our personality need to be developed if we would give ourselves the best possible chance of getting, at the outset, the sort of position we really want.

Reliability. But merely obtaining a position is not the equivalent of success. We all know people who can get a job at any time, even in periods of business depression, but cannot hold any job very long. What is wrong with them? Perhaps they are dishonest, and steal from their employer’s till, or betray an important business secret. Perhaps they are habitually late or waste time or watch the

clock when they should be hard at work, or make a habit of going home early. Maybe it is a case of a difficult temperament, of an inability to get on with other people, or of careless and slovenly work. At any rate, they lack the reliability which is needed to hold a job. The man with an attractive personality may get a position over the head of the steady, reliable, but unassuming worker, and some of the time he can "get by" with carelessness and inefficiency. But it is the one who can always be depended upon who keeps his job all the time, even when the slackening of business makes it necessary that most of the workers shall be let go.

There are many qualities included in reliability which an employer almost takes for granted. He expects his employees to be honest. He expects them not to help themselves to small articles around his store—his stamps, his stationery, his pencils—nor to use the telephone for personal calls in business hours. He expects his employees to give full service for the pay they receive, to be prompt, not coming in late, nor leaving a little early, nor talking about what they were doing last night or last week-end, instead of attending to the business of the office.

Loyalty is another quality which the employer expects. A private secretary who reveals business secrets may by one such revelation cost her employer more than she saves him all the rest of the year. A disloyal person can never give his employer ungrudging service, and in the long run, he will be of less real value than a more loyal, though perhaps otherwise less efficient, employee.

Executive ability. If we look at the foreman in a shop or the floor manager in a store or the general manager of a big concern, we sometimes wonder what quality gives him a position above his fellows. It isn't his size or weight; it isn't the loudness of his voice, or the vehemence of his expression. He may be a quiet-spoken, mild-mannered gentleman. It isn't even his willingness to work hard.

Many of his subordinates may be harder workers than he is. It is his ability to get work done, even in the face of difficulties.

Too many of us are unwilling to assume responsibility. We "pass the buck," and let someone else do the worrying; and then we wonder why the other fellow gets the higher position which we coveted. He gets it through the possession of executive ability; he gets the work done. He may handle his men through an appeal to their fear or to their loyalty; but he gets the work out of them. He may be clear-sighted enough to foresee difficulties and guard against them, or he may be resourceful enough to solve the unexpected problem when it arises; but he finds in neither obstacle nor emergency the excuse for a failure to accomplish his allotted task. Personality helps. "Charlie" Schwab finds that his personality is one of his chief holds upon his men. Reliability counts. A worker is more loyal to a superior who expects of himself what he expects of the men under him. But over and above both personality and reliability, there is a capacity for seeing the job in terms of the men who are to do it, and getting it done against all odds.



Courtesy Snellenburg & Co. Tips and Topics

THE BUSINESS VIEW

This cartoon from a department store house organ shows the merchant's rating of the steps to success.

Initiative. If we go into the shop or the factory and see the foreman or the manager, have we seen the man who holds the highest position of them all? Probably not. That man is the man who gives the orders, not the man who sees that they are carried into execution. He is the "brains" of the business, the man with the breadth of vision and the imagination to make the plans which others, subordinate to him, will work out. He must be able to see new ways of settling problems, and discover new methods before other men in the same line. He may do this himself, or he may have in his employ other men whose business is just this research work; but he is the man who must know what

VOCATIONAL GUIDANCE SCORE CARD

(Adapted from John M. Brewer)

NAME _____ DATE _____

QUALITIES REQUIRED FOR SUCCESS AS A _____

QUALITIES I HAVE OR COULD DEVELOP IN THAT OCCUPATION

Directions: This exercise is planned to aid you in thinking about your future occupation. It must not be taken too seriously, because you probably do not know very much about the occupation, and you are not sure of your own undeveloped powers. Nevertheless, it can help you to see your needs. The first column relates to the qualities one needs in order to succeed in that particular vocation; the second is for the qualities you can develop if you choose to enter that occupation. At the bottom are spaces for additional qualities required by the particular work you are considering. Secure help on the first column, if you need it. Mark an X in the appropriate column: 1. very little; 2. not very much; 3. average amount; 4. above average; 5. very great amount. Where two contrary words are given, as in numbers 6 and 19, cross out the one which does not apply to the occupation you are considering.

This paper has little or no value as a record; its chief purpose is to aid you in thinking about your aims and educational opportunities.

	VOCATION NEEDS					WHAT I HAVE					I CAN DEVELOP				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
1. Physical strength and vigor.....															
2. Continuous good health.....															
3. Freedom from bodily defects.....															
4. General mental capacity.....															
5. Mechanical skill.....															
6. Willingness to work indoors, outdoors.....															
7. Imagination.....															
8. Ability to attend to details.....															
9. Accuracy.....															
10. Orderliness and neatness.....															
11. Promptness.....															
12. Perseverance.....															
13. Desire to continue study.....															
14. Speed of work.....															
15. Initiative, resourcefulness.....															
16. Ability to follow directions.....															
17. Courage.....															
18. Adaptability to change and surprise.....															
19. Liking for variety, sameness.....															
20. Ability to lead other people.....															
21. Ability to cooperate, tact.....															
22. Ideals of service and unselfishness.....															
23. Self-respect.....															
24. Self-control and patience.....															
25. Ideals of honesty.....															
26. Reliability, dependability.....															
27. Sense of humor.....															
28. Cheerfulness.....															
29. Good citizenship.....															
30. Use of spoken and written English.....															
31.															
32.															

FILL OUT THIS CARD FOR YOUR OWN QUALITIES AS APPLIED TO YOUR PREFERRED LIFE WORK

new thing must be discovered and worked out. Great as Thomas A. Edison was as an inventor, his chief claim to greatness lay in his ability to plan out what the inventors whom he employed should spend their time experimenting upon.

Of course we can never expect to be Thomas Edisons, but we can use in our lives, to a lesser degree, the quality which made him great. If we plan our daily work carefully, we can improve the quality, and increase the quantity of what we do. We shall find greater interest in the work, and be ready for the larger work, which comes with promotion when we are ready for it.

Individual differences. How many of us do you think would rank one hundred per cent in each of the four factors? Can you imagine anyone who could attain perfection in them all? Fortunately for us, not all jobs demand equal ability in each of these directions. A salesman needs personality, above all. In a way, every time he sees a new prospect he is selling himself as well as his goods. A book-keeper or an accountant needs reliability, and even if he lacks the other qualities he may still be a great success in his own line. A foreman in a factory finds executive ability the most important, while an inventor is frequently lacking in all save originality. But if we wish to be the greatest success that it is in our power to be, we need to develop, as far as we can, all four qualities. We can never tell when it will be to our advantage to have a personality which will land a new job, or when the fact that we are reliable will be the deciding factor in our promotion, or when we shall need to delegate part of our work to other people, or think out an answer to a new and unexpected problem.

The gospel of hard work. Yet if a man were possessed of the most attractive personality ever seen; if he were completely and consistently reliable; if he displayed unequalled executive ability, and in originality was beyond his fellows—still he would not be sure of success, even in a line for which he was well qualified by nature. He might have a legal mind, but without the legal training he could not expect to pass the bar examinations. He might be a "natural-born teacher," yet he could not teach a problem in arithmetic which he himself did not understand. He

might have an instinct for business, but if he tried to enter the silk business without getting the technical knowledge of silk manufacture and the silk market, before long he would probably go bankrupt. All that a man's natural ability can do for him is to make it easier for him to acquire

GETTING.....	}	By Force.....	{	Robbery Duelling Sabotage
		By Fraud.....	{	Counterfeiting Adulterating goods Lying Stealing Monopolizing
		By Persuasion.....	{	Going to law Running for office Salesmanship Courting
		By Production.....	{	Making things Serving others for hire

WAYS OF GETTING A LIVING

knowledge and training; it cannot take the place of them. Perhaps the fable of the hare and the tortoise is not a true one, in that not all hares go to sleep, but a wide-awake tortoise will always have the advantage over a sleeping hare. Many of the failures in life were once the brightest boys in their classes; many of the most successful were once considered stupid. But the stupid boy knew that he could never make good without hard work; so he worked. The bright boy, on the other hand, had always led through sheer native ability; and he thought he always would. He didn't; and probably he felt that the "breaks" were always against him. In a tug-of-war between mere natural brilliancy and dogged persistence, the odds are always in favor of the latter. The gospel of hard work is the only one which can assure either individual or social salvation.

HOW WE PREPARE FOR OUR LIFE WORK

1. How do you account for the fact that such men as Andrew Carnegie and Theodore Vail made good with very little education? Does that mean that education is of very little use?

2. Look up the details of the life of one of the following: Abraham Lincoln; Andrew Carnegie; Theodore Vail; Thomas Edison; Henry Ford. In what ways did his early life differ from your own? What can you learn from his experiences which will help you?

3. Do you think that in order to be successful we need to have life made easy for us? Give examples.

4. What points in regard to ourselves should we consider in our choice of a vocation? Name three occupations for which you would be suited.

5. Have you ever known any people who were in the wrong jobs? Why was that particular work undesirable for them? What sort of work do you think they would have been better fitted for? Why?

6. By a poster show the sorts of work open to a boy or girl.

7. Make a list of all the occupations you can think of and group them under the headings of agricultural, commercial, industrial, home-making, professional. Do any of them seem to you to belong in more than one group? Why?

8. Are there any occupations which at one time or another you thought you would like to take up but which now you know you would not care to follow? Why did you change your mind?

9. What occupation would you like to follow? Why do you want to take up this line of work?

10. To whom would you apply for advice on your selection of a life career? Give reasons for your answer in each case.

11. What would be the result of taking a course for which you are not fitted? Have you ever seen examples of people who have chosen unwisely?

12. What do you mean by a "white-collar" job? What advantages have such jobs? what disadvantages?

13. Give a list of five lines of work which you might like to take up. Give a list of five lines of work which you will be fitted to take up after you have finished the training you expect to receive. Are the two lists the same?

14. In what ways would continuing to study even after beginning your life work be an advantage to you? to your community?

15. What subjects do you study in school which will help you in your preparation for your life work? What worth-while characteristics can you acquire in the study of any subject?

16. How do you account for the fact that boys and girls who take the same courses in school do not obtain exactly similar results from them?

17. What general qualifications would be required by a boy or a girl who wanted to be

A bookkeeper?

A carpenter?

A mechanical engineer?

A motion-picture actress?

A school teacher?

A lawyer?

A singer?

A stenographer?

18. What occupations would you distinctly not like to enter? What are your reasons for your dislike of such occupations?

19. To what sort of position do you think your particular type of ability is best suited? What is the demand for such work? What are the chances for advancement?

20. Name several blind-alley jobs. Are there any conditions under which you would advise a boy or a girl to enter one of these jobs?

21. What vocations in your community seem to require fewer workers than formerly? In what lines is the demand for workers growing?

22. Which of the following would you consider "juvenile jobs"?

Bootblacking

Plumbing

Selling papers

Stenography

Selling goods

Carrying messages

23. Find out from one or more employers whom you know what qualifications they look for in an applicant for a position.

24. What points should you consider about a job before you undertake it? Do all people choose their work thus carefully?

25. Can you think of any vocations in which there is very slight demand for workers? Would you advise a boy or a girl to prepare for such a vocation under any consideration? Discuss.

26. Name three occupations in which personality would be the most essential: reliability; executive ability; originality.

27. Would you prefer to trade in a store where the salesperson tried to find out exactly what you wanted and looked for it carefully or in a store where the clerk seemed indifferent to your desires? Why?

28. How can you show courtesy in the classroom? in the gymnasium? in the street? at home? where you are employed?

29. In what ways do you think courtesy can help you after you have obtained a position?

30. What would be the effect of a pleasing personality (a) in getting a position? (b) in obtaining a raise in salary? (c) in gaining advancement?

31. What are "habits of neatness"? Illustrate.

32. List the personal qualities of that one of all your acquaintances whom you most admire. How many of these qualities could you develop in yourself?

33. Why is training necessary if one wishes to make a success in one's work?

34. Is it good fortune or misfortune for a boy to learn that he does not need to study hard in order to get his lessons? Explain.

35. To what extent are you and I dependent upon the reliability of other people? What would happen to us if suddenly everybody ceased to be dependable?

36. Why would not helping oneself to pencils, paper, etc., be a fair way to increase one's salary if it seemed unfairly small? What better method could you suggest?

37. For what reasons are people dishonest? Why is dishonesty so unwise?

38. Why is cheating in a school examination the wrong thing to do, even if strict honesty would mean failure in the course?

39. How can you show loyalty (a) as a friend, (b) as a member of the school team, (c) as an attendant at the school games, (d) as an employee, (e) as an employer, (f) as a citizen?

40. Why is labor rather than luck more likely to lead to economic success?

41. What sort of characteristics would be needed by

- (a) the president of the Students' Association?
- (b) the president of the Athletic Association?
- (c) the president of the senior class?
- (d) the editor of the school yearbook?
- (e) the general manager of a big business corporation?
- (f) the mayor of a city?
- (g) the President of the United States?

42. How could a woman show executive ability in the management of her home? How could a day laborer show it in his management of his job?

43. What would be the effect of each of the following in the successful management of any job: (a) ability to plan, (b) courage to accept responsibility, (c) capacity to see the job as a whole and to follow it through to the smallest detail, (d) ability to get along with people, to cooperate with others and have them cooperate with you, (e) judgment to visualize what you want to accomplish and to know a good product when completed?

44. Why do many persons (a) fail to plan their economic lives? (b) neglect to look ahead to economic success? (c) seem unable to locate in good positions? (d) fail to make good at their jobs?

45. Make out a plan of the time you have at your disposal for studying your lessons, and the way in which it can be put to the best advantage. Have the class discuss some of these plans.

46. What planning would be necessary for a successful baseball team? school play? graduation exercises? campaign for the election of school officers? government of a city? work in a manual training or domestic science department?

47. Make a play in which several applicants appear in answer to an advertisement. See to it that the play brings out clearly the right way and the wrong way to apply for a position.

48. What are the strong points in your own personality? the weak points? What can you do to take advantage of the former and overcome the latter?

49. Why does a man with moderate ability but great capacity for hard work so often surpass his more brilliant competitors?

50. Do you think a person who is in the habit of letting little opportunities slip is likely to be ready for a great opportunity when it arrives?

51. Which do you think counts for more in the long run, native ability or the ability—and the willingness—to work hard?

52. Select some vocation in which you are interested, and fill out the following questionnaire, getting your information from (a) books, (b) persons who are engaged in it, (c) actual observation of the work:

1. The nature of the work

- (a) Type of work
- (b) Typical day's work

2. The opportunities in the work

- (a) For entrance
- (b) For advancement

3. Requirements

- (a) Personal qualifications, including personality, physical qualities, intellectual qualities, and moral qualities
- (b) Training: before entering, and on the job
- (c) Amount of capital (if any) needed for
 - (1) Securing necessary education
 - (2) Living through the period of getting started
 - (3) Insurance against unemployment
 - (4) Capital required in the business

4. Characteristics of the work
 - (a) Advantages
 - (b) Disadvantages
5. Rewards
 - (a) Financial: at first, and later
 - (b) Other than financial

53. A great scientist said that genius is merely the capacity for taking infinite pains. Do you find it easy or difficult to take pains, or be very careful and exact in your work? Most young persons find it difficult, but the capacity may be increased by practice. Do you think that you are more careful and exact than you used to be? Are you still satisfied with "pretty good" work, or do you insist that your work is as good as it can possibly be? If you were a bookkeeper, would you be satisfied if your accounts *almost* balanced, or would you insist that they exactly balanced?

CHAPTER XII

HOW WE COÖPERATE IN THE WORK OF THE WORLD

The desire for possession. Almost every creature, short of a jellyfish, has a sense of possession. If you try to snatch a bone away from a dog, he will snap at you. If you attempt to rob a beehive you will do well to beware of the stings. A bear or a wolf will protect its cave. A watchdog, bred for that very purpose, is a menace to any who may venture too near. A lion will warn all others from his hunting grounds. Even the ownerless dogs of Constantinople used to have their beats, and upon the entrance of an outsider there would occur "a fight, a foot race, or a funeral."

Satisfying our desires. Human beings as well as animals have this desire for possession, and it is perfectly normal to have it. So long as it does not run away with us, it is a good thing for the world as well as for ourselves. We want a great many things which it would be impossible for us to make for ourselves. We can count on gifts from our parents and adoring relatives for only a short time in our lives. The only way for us to persuade the people who have made the things we want to give them to us is to give them in return something which they themselves desire. As a result, we are willing to work to get money, which seems to be the one universally desired commodity. That is the real reason why we want money; it is not a desire to become rich. The possession of money itself would not especially interest us, for we know that if we were given a million dollars in gold on the sole condition that we should never spend any of it we should feel that the gift was an exceedingly barren one. But we have found that the posses-

sion of money is the surest means of obtaining the many things which we really do desire.

Money, however, does not grow on trees nor fall in showers from a beneficent sky. A few people may obtain



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Drawn by McCutcheon

Courtesy Chicago Tribune

COLLEGE ITEM

J. Wildemere Jones, who expected to follow the profession of poetry, has decided to take up plastering as a career.

it by legacy, but the vast majority of us will never get it except by the laborious process of hard work.

Service to others. If a milliner has produced a hat, she can get money for it only if someone happens to want it. The fact that she has spent considerable labor on it counts for nothing if no one wishes to buy. So, too, with

the artist who paints pictures for which he can find no purchasers, and the farmer who has raised crops in a season of too great plenty—their work has no money value unless they can find someone who is willing to pay for what they have produced. But if we can produce something, or perform some service which a great many people desire, we need never lack for money in our pockets.

So you see, what we do in this world is not altogether a matter of our own inclinations, a question of what we should like best of all to do. Many a boy would prefer to earn his living as pitcher on the New York Giants or the Pittsburgh Pirates in place of becoming a carpenter or a clerk. Perhaps he might even have as much ability for pitching as he would have for fitting planks together or selling thumb tacks or iron hinges. Yet his chances of obtaining a job in the Major Leagues would be far less than of his finding employment in these other occupations.

To a certain extent, what we do is most of all a question of what someone else would like to have done. We cannot live to please ourselves exclusively. If we want to prosper we must succeed in pleasing somebody else. If we want what other people produce we must give them what they want in return. We often hear someone say, "The world owes me a living." Yet if a man whom we had never seen before came along the street we should not expect to hand him a dollar bill, or even a quarter. However, if the same man sawed our wood for us or mowed our lawn, we should be prepared to pay him for his labor. So it is with the world. If we serve the world, the world owes us a return for our service. If we do nothing for the world, it owes us nothing. We may have a right to expect the opportunity to earn our own living; that is all. The world owes us nothing more. It is a fortunate thing for us that very often we can best serve society by best serving ourselves; that by doing the things which we like best to do, and for which we are adequately trained, we can increase both our own

material well-being and that of society. Provided the work we are doing is what society really needs, and we are doing that work well, society will pay us adequately for the service we render. In case such work is not necessary, the inexorable law of supply and demand will lower our financial return until we are forced to the realization that we can best serve society and ourselves in some other line of work.

The effect of failure to produce our share. We know that whenever one person fails to produce his share all the rest must work the harder to make up for it. Yet even the individuals who do work suffer less than the community as a whole. Whenever its total consumption—that is, what it uses up—exceeds its production, the balance must be struck in some way. Its inhabitants may emigrate, or they may compel other and weaker nations to bring up the balance by forced contributions—tribute—or by forced labor—slavery. Slavery has been abandoned in all civilized countries. We of the present generation have seen the results of war. Few of us would venture to say that such a method was a satisfactory substitute for increased production.

Moreover, war at best is only a temporary solution. Rome, the greatest military nation in history, discovered that. She developed her greatness while her people worked hard and produced much. Her famous dictator, Cincinnatus, raised his own vegetables. Her people always placed the common good before the good of any individual, and Rome thrived and grew great. But with her greatness came conquest and expansion. With conquest and expansion came the knowledge of luxury and the desire to rule over others. Self-indulgence took the place of self-sacrifice. The men who had fought and labored for Rome left their military duty to hired soldiers and their work to slaves. Production fell steadily lower and lower. Consumption became more and more lavish. The army became weaker, the farm lands produced less, and the Roman citizens continued to

indulge themselves with a total lack of restraint. The bulwarks of the empire crumbled, and Rome fell—the victim of her own failure to keep the proper balance of economic and social forces.

So much for Rome. But what is true of her is true of every nation, past, present, or future. Great as we know the United States to be, she would not long be able to survive a condition in which her production fell below her consumption. Most of us believe we are patriotic. But the true test of our patriotism is not the vehemence with which we wave the American flag, or the zest with which we sing the “Star Spangled Banner.” It is found in our willingness to continue a steady plodding at our part in production, because we know the continued existence of these

United States depends upon just such commonplace work.

The habit of working. Then, too, if we are in the habit of working, we shall be ready to work for the welfare of our country when any crisis arises. If we are in the habit of shirking, we shall probably indulge in the great American game of “passing the buck.” Everybody knows that if you want a thing well done, the person to approach is not the man who has plenty of time and few responsibilities, but the man who is already so busy that it seems almost impossible



Drawn by Gale

Courtesy Los Angeles Times

WATCH YOUR STEP

for him to undertake any additional task. The former will have an excuse ready or will undertake the work only half-heartedly. The latter will do it quickly and efficiently, because he realizes that he has no time to waste, and because he is so accustomed to having work well done that he is satisfied with nothing less. A population of good workers is almost certain to be a population of good citizens. A nation made up of those whose chief interest is the avoidance of work is equally sure to be a nation of civic "slackers." They may be very pleasant persons, and of good moral character. But what the world needs is not people who are merely good, but those who are *good for something*.

The interests of the individual are generally, though not always, in harmony with those of the public. In all save a few cases, that individual who follows his own economic interests intelligently is best serving his country, since by aiding in production he is increasing its prosperity. Criminal laws and proper regulatory laws are necessary to restrain those who would follow their own interests to the detriment of the interests of the group in which they live. But the finest type of citizen is the one who does not need a law to make him have regard for the welfare of his country while seeking his own prosperity; the one who has learned that to seek prosperity through service is better for himself, as well as for the country which he professes to love, than to seek prosperity without service.

Payment for services. We all want to prosper; that is a perfectly natural ambition. And the best part of it is that, generally speaking, the more we help others the better off we are ourselves. No one can fail to have noticed that all men do not receive equal amounts of pay for an equal number of hours of work. One man gets one thousand dollars a year for his labor, and another gets one hundred thousand; and very often the thousand-dollar man feels that he works the harder. Yet the differences are not usually the result of chance, and very few of the highly

paid positions are obtained as the result of pull or influence. They are positions that very few men are fitted to fill.

Suppose A cleans windows or digs in the street while B is a school-teacher, a bookkeeper, or a business executive. Do you think it would be right for both to receive the same amount of money for their work? Yet the work they both do is necessary to the world, and if A cleans windows as well as he can or doesn't loaf on his job at street digging he is as worthy of respect as the other. But he is not likely to receive as much money. Is that fair?

Suppose they did receive the same amount. If B were a school-teacher, even if all the schools shut down for a year, he would be able to get a position at cleaning windows without further training. But if someone invented a new way of keeping windows clean without washing, the ex-window cleaner could not get a position at teaching school until he had been prepared for it.

If two girls spent equal time in being trained in making millinery, and both spent equal amounts of time in making hats on similar models, it would almost seem as though both ought to receive equal sums in payment for the hats. Yet one might have just that touch which changes a hat into a "creation," while the other might produce the sort in which a self-respecting young lady would not want to appear before her best friend or her worst enemy.

Even if they made hats that looked exactly alike, it might happen that one made two hats in the time it took the other to complete one. Or one girl might be better able to tell what people were going to wear this year, so that buyers would prefer her hats. Or perhaps one might be better able than the other to persuade people that the hats she had for sale were just the hats they were looking for. If, then, work differs in quantity and quality, if there is a difference in the degree to which it meets the taste of the public, or if the workers are not possessed of equal selling ability, they should neither receive nor expect equal financial

returns. That is why we have come to believe that in most cases success means we have helped other people in a way they wanted to be helped.

The community interest. So much for the individual. But if we have reached the point where we examine everything from the point of view of society—society that includes you and me and all the rest of the people—we want to be sure that an arrangement which gives unequal return for equal effort is a good thing for the well-being of the world.

If someone promised every boy and girl that if they left school tomorrow they would be guaranteed a position which would give them as much a week as they would get if they finished high school and college, how many would stay in school? Not enough to keep half the present teaching force busy, you may be sure. What would be the result of their leaving school? If practically all of them failed to complete their education there would be almost no one capable of making experiments and working out the inventions necessary for the continued progress of the world. Even from this point of view, you see, it is well for us all that time and effort alone do not determine the rate of wages.

To be sure, we know that the way money is divided is not always fair. If a man cheats his neighbor and makes money by it, if he profiteers at the expense of the poor who can least afford it, if he gives his workers far less than their value to him would warrant, we know that he is receiving more than his just due. There must be some way of determining how much money, in fairness to society, a man should receive.

The test of a man's worth. The welfare of society is the most important factor to be considered. The real way to determine a man's worth is his service to society. If he has made society better by an invention or by an improved method of organizing business, or by putting an end to hitherto unrecognized waste, he is entitled to a return in proportion to what he has given. Society is not poorer

because a man who has given much receives much in return. Society is poorer only when a man takes from the world more than he gives.

If we measure a man's value to society we shall see that the two factors, getting and giving, must always be considered. Suppose there were two dentists. One lived in a small apartment with his office in the front and with a kitchenette where he got his own meals. He shined his own shoes, pressed his own clothes, and did not even own a "flivver." The other lived in a large house and had an expensive office in the best business section. He had a valet to shine his shoes and keep his clothing in press, a private secretary to look after the details of his office work, and a chauffeur to run his high-powered car. Could we tell which of the two was of more value to society? Not if that is all we know about them, for even though we know what each takes from society we have yet to find out what each gives. If the man with the small apartment were just out of college, with little experience and only a small practice, while the other was a great specialist who could perform delicate operations more successfully than anyone else in the country, we should feel that the latter was of more value to society. It would be a good thing for us that he did not spend in shining his own shoes the time which could be devoted to work that few others could do. But if on the other hand he did little work, living on money he had inherited or accumulated, we might feel that the young beginner was a more worthy member of society.

$V = P - C$. What a man gives to society is really his production. What he takes from society is his consumption. A man's value, then, from a social point of view, is the difference between these two.

V (value) = P (production) - C (consumption). We need to know both before we are in a position to judge whether even our richest men are receiving more than they are entitled to.

But the money return is not all that a man gets from his work. There is something in the mere fact of achievement which gives us much satisfaction. That is why people who have made enough to retire still keep on working. "The consciousness of work well done" gives a person a sense of self-respect, of dignity, of worthiness, which spending one's time in mere enjoyment can never give. We all want to succeed in our work both for the sake of the satisfaction we get from real achievement, and because success brings the increased salary or income which means a higher standard of living.

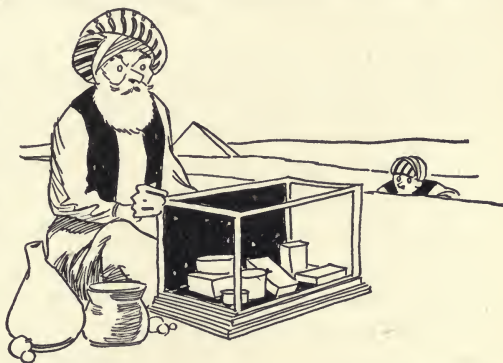
Consuming for later production. Should any person ever receive from society when he is not giving as much in return? If the answer to that question were "No," then all the children should be turned out of school. It costs on the average throughout the United States to educate each child through the elementary and high schools, about \$100 a year, according to a recent estimate. Society is willing to keep them in school because it feels that their education is an investment. They are producing now less than they consume, but their production in later life will be proportionally greater because of the training they are receiving. Whenever consumption results in increased production it is worth while. But those who take this training at the expense of the state should realize that it is an investment. If they have a sense of fair play they will try hard to get the full value of the training that is offered, and will see that society receives its just return after they have entered the working world.

Helping those unable to help themselves. Then, too, people who are too old to work, or those who are feeble-minded or insane, are not expected to produce much. Yet we cannot say that as a result they should not be allowed to consume. Many of the old people have already produced enough to make it fair for them to consume whatever they need, though an unfair return for their labor may have

made it impossible for them to lay aside sufficient funds for their support. Those who are crippled or blind and those who are not properly equipped mentally should not be expected ever to give as much as they receive. That makes us feel that it is not enough for us to produce merely as much as we consume. We must do our part toward the care of these others, if only as a thank offering that we are physically sound and mentally sane.

Serving society in our consumption. Yet society's right does not end with the demand that all shall share in producing to satisfy the

world's needs. Suppose we see fit to buy a new dress or a suit for every day in the year, or to prepare elaborate dinners and throw half the food away. If the money is ours, because we have earned it or inherited it, haven't we the right to do with



Drawn by Guinness

A GOOD STOCK BUT NO CUSTOMERS

it exactly as we desire? We have not. It is through society that we have been able to accumulate our money. We may have business ability, but if we took our business ability to the middle of the Sahara desert, or to the ice fields of the North Pole region, our business ability would be of slight value to us. Society gives us the chance to get money to spend, and in consequence society has the right to expect that every expenditure should help and not harm, society. Every time we buy a new suit or a new dress which we do not need, every time we waste food, the prices of these things go up, in accordance with the law of supply and demand. If a rich woman gives an elaborate dinner with

favors costing a hundred dollars apiece, it would seem as if she were benefiting society by giving work to the people who make the favors as well as to the cooks who prepare the food. If another wants half a dozen fur coats, or longs to possess a very unusual orchid for her conservatories, isn't she employing men and enabling them to earn their living? If a man hires a retinue of servants until he needs to do little for himself, isn't he aiding society by the chance to work which he offers? All of these arguments sound exceedingly helpful from a social point of view, but a closer examination reveals the weakness of this sort of thinking.

Even the working of the law of supply and demand does not measure the evil which may be wrought by unwise consumption. Suppose your father were out of work and your mother and brothers and sisters were starving as a result. Suppose, too, that a rich man in a neighboring city spent thousands of dollars on a single dinner for a few of his friends. The newspapers found it "good copy," and the next morning the whole story appeared in big headlines on the first page of the paper. About that time a decidedly "red" agitator was talking about the inequalities of the way in which wealth is divided, and counseling revolution. Would it be surprising if you listened to him and agreed with him to an extent which you would never have dreamed of before the newspapers emphasized the difference between your situation and that of your more fortunate fellows? That what he was suggesting might make life harder for you instead of easier would not enter your head, in all probability. All you would be able to see would be the contrast between your own starving family and these full-fed and wasteful rich people. Spending money in such ways tends to widen the feeling between different classes, and we know well that democracy and class distinctions cannot go hand in hand. Even in our spending we should keep clearly in mind the good of society.

If each person, in the home or at business, employer or employee, should make up his mind that in his production and his consumption alike he would serve society to the best of his ability, there would be developed not only a stronger and more stable nation than the world has seen hitherto, but in addition a nation composed of healthy, happy, and prosperous individuals.

HOW WE COÖPERATE IN THE WORK OF THE WORLD

1. Make a list of any possessions you have ever had of which you were especially fond. How would you have felt if they had been taken away from you?

2. What possessions have you had which you have paid for with money you earned yourself? Would you have worked so hard if you had not wanted these things?

3. What is the real reason we want money?

4. What needs are common to all people? Why?

5. What are some of the things you would like to have but do not actually need?

6. What reasons can you see why a person who has plenty of money should want to work?

7. Which is likely to give you the greater financial return, work which the world wants done, or work which you want to do yourself although there is very little demand for it?

8. In what sense is it true that "the world owes us a living"?

9. What happens to a country the inhabitants of which consume more than they produce? Is the United States such a country?

10. Why is not war a satisfactory solution of the problem of consumption exceeding production? How would you solve the problem?

11. Can we be true patriots and still spend most of our time in working for ourselves? Explain.

12. Make a list of reasons why some people receive more money than they deserve. (See Hughes, *Economic Civics*.)

13. Make a list of reasons why some people receive less than they deserve. What can we do to prevent such unfair distribution?

14. Do you know any man who receives an exceedingly large salary? Why is he worth so great an amount to the firm for which he is working?

15. Which is likely to receive a larger salary, a man who is interested in doing something which society wants, or whose chief concern is in the money he gets from the work? Explain.

16. What would be the result to the world if, starting tomorrow, all people were to receive equal pay for equal hours of labor, irrespective of the type or quality of the work?

17. Arrange the following occupations in the order of financial return according to the law of supply and demand: Janitor; Office boy; Bookkeeper; Steel engraver; Expert accountant; General-housework girl.

18. In which of the following lines would individual taste be more valuable? Designer; Bookkeeper; Streetsweeper; Interior decorator.

19. Which would be overpaid, the man who gave \$150,000 worth of service to society and received \$75,000, or the man who gave \$1,000 worth of service and received \$1,200?

20. What reasons can you see why (a) some men get more work done than others? (b) why some can produce better work than others? (c) why some people cannot keep a job? (d) why one person likes his work and another does not?

21. Could most of us have more success at our jobs if we studied them more thoroughly?

22. What two factors must always be considered in figuring out a man's value to society? Think up examples of this.

23. What qualities would help a clerk in a store to advance? a cleaning woman? a private secretary? a business executive?

24. What would be the value to the community of (a) the farmer's work? (b) the manufacturer's work? (c) the work of a lawyer? a dentist? a school teacher? a chemist?

25. Why should we plan to give to society somewhat more than we are paid for?

26. What handicaps would there be in making one's living (a) if one were frequently kept away from work by ill health? (b) if one's disposition made it difficult to get along with other people? (c) if one's obligations were greater than his income? (d) if one's habits interfered with good work?

27. Under what circumstances is it advisable for a person to consume more than he produces?

28. Would society be as willing to pay for letting you go to the movies as it is for letting you go to school? Explain.

29. How many people do you know who are able to support themselves in spite of the fact that they are blind or crippled?

30. Why should we feel an obligation to help take care of those who are unable to care for themselves?

31. What right has society to say anything about the way in which we spend money we have earned?

CHAPTER XIII

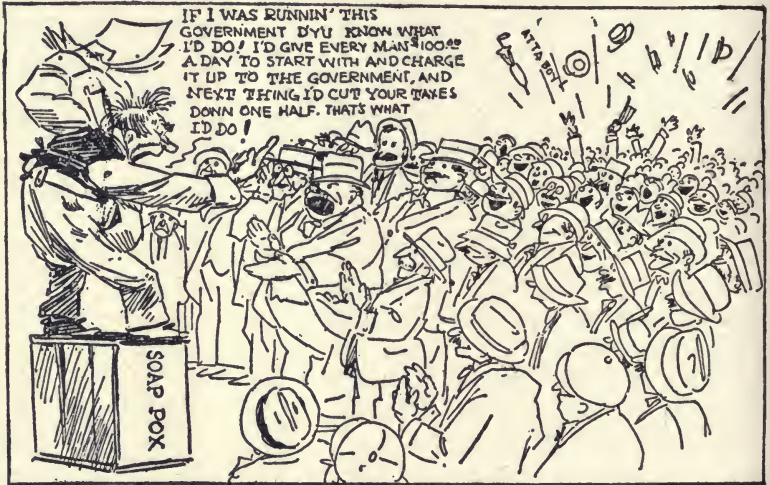
LEARNING TO THINK RIGHT

Accurate knowledge. Does the wheelbarrow pull the man or does the man push the wheelbarrow? The answer to this question is not difficult to most of us, because most of us have had experience with wheelbarrows or other objects of a similar nature. Suppose, however, some creature who had never before seen a man or a wheelbarrow, or who had never pushed or pulled that kind of an object, were asked this question; the answer would not then be so easy!

Suppose you were acquainted with electric fans, but had never seen a windmill. Suppose that some day, in the country, you saw a whirling windmill in a cow pasture on the windward side of the road, and you felt the wind blowing from the direction of the windmill. You might easily conclude, as did a certain little girl, that the windmill was a huge electric fan, put there to fan the cows. City people in the country, even very intelligent ones, are always making just such mistakes, and country people in the city are making others equally bad. We all make mistakes when we try to reason about things that are not familiar to us, and some of our mistakes are very costly. Most of us can reason correctly about things with which we are thoroughly familiar. It is very easy, however, to imagine that we are familiar with a subject about which we really have but little information. We know how much we know, but we cannot possibly know how much we do not know about it. Even the best informed may find that there is much about a subject that he had not understood before. Most of our costly mistakes are made in this way. We think that we know all

about a certain subject or a certain piece of work, but we discover that there is something about it that we do not understand, and our ignorance on this one point costs us heavily. Economic and political questions, especially, are so complex that it is easy to be mistaken in our opinions with respect to them.

The obstacle of personal feeling. Fairly complete knowledge of any subject is very difficult to attain and



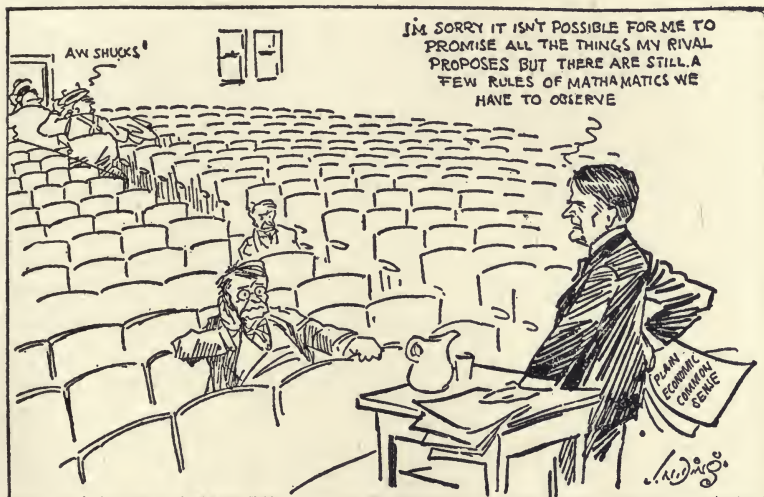
Drawn by Darling

SEE THE CROWD YELL THEMSELVES HOARSE OVER PURE BUNCOMBE

will always require a great deal of study. The first and most important thing to avoid when we are about to study a difficult problem is feeling or sentiment, especially the baser sentiments such as prejudice, anger, or fear. If a surgeon were so sympathetic that his eyes watered and his hands shook, you would not like to have him for your surgeon. He will do better work if he looks upon you as an interesting piece of apparatus that needs tinkering. If such a noble sentiment as sympathy is dangerous when there is

a strictly intellectual task before you, the ignoble sentiments of hatred and fear are vastly more dangerous.

Economic examples. Suppose a producer of strawberries is trying to sell his product directly to a consumer. The consumer naturally wants to get them at a low price; the producer wants to sell them at a high price. Suppose that in the process of bargaining they become irritated and begin to feel edgewise toward each other. Each will do himself



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AND THEN SEE THE ECONOMIST TALKING TO EMPTY SEATS

harm by antagonizing the other. What the producer wants is more consumers, not less. What the consumer wants is more producers, not fewer. If the producer acted wisely he would try to encourage as many consumers as possible. That would improve the market for his product. If the consumers were wise they would try to encourage as many producers as possible. That would give them a larger and better supply. But under the impulse of annoyance or anger each may do the opposite of what is wise.

Suppose some farmers in a western community are in great need of capital with which to equip their farms with fences, wells, buildings, tools, implements, and live stock. Suppose there are very few men in that community who have capital to lend. What the farmers need is more capital or more capitalists. They may, however, become incensed at the few capitalists that are already there, and do things to make the neighborhood uncomfortable for capitalists. That will tend to discourage others from coming and to encourage those who are already there to leave, thus making matters worse for the farmers. If they thought clearly and acted reasonably they would try to make the community as attractive as possible to lenders. That would encourage more to come. It would make capital more abundant, and thus enable the farmers to equip their farms at lower cost.

Suppose in a certain country there are not employers enough with sufficient capacity to keep all the laborers employed. If the laborers thought clearly and without prejudice, they would try to encourage as many employers as possible to come to that community. If they are angered by the low wages and unemployment under which they are suffering, they may behave in exactly the wrong way and make that part of the country a very uncomfortable place for employers of labor. This would be one of the most costly of all examples of unclear thinking.

Harmonizing interests. Sometimes it takes a great deal of very clear thinking for people to realize where their own interests lie and how much their interests harmonize with those of other people. It is always easy to find things to quarrel about if we feel like quarreling. It is also easy to find that we have common interests if we feel like being friendly. Even husbands and wives can find causes for conflict as well as causes for harmony. If they persist in thinking only of the causes for conflict, they are not likely to live comfortably together. If they focus their attention

has become, more and more, thinking in terms of other people. When our early prehistoric ancestor lived with no one else except the rest of the family, or in some other very small group, the rights and comforts of other people outside his group meant very little to him. A member of any other group might be a dangerous enemy whom he would not hesitate to kill if he got the chance, and who would very likely kill him if opportunity offered. He had little respect for the land or other possessions of other groups, and they in turn would seize upon his belongings whenever they felt the need of them.

Before long, however, small groups grew into large groups, and family groups gave place to tribal groups. Besides, a large and strong group would occasionally exterminate a small group. But the change to large tribal groups had made necessary the consideration of more people. If one individual insisted upon doing something which was contrary to the best interests of the tribe, he was likely to be punished for it. The tribe which did not punish such conduct was not likely to grow into a strong tribe. The wishes of the individual gave place to the welfare of the group in all those tribes that grew strong enough to survive.

Protection and comfort. And yet the individual himself was better off. The larger organization offered him more protection. The suppression of injurious conduct protected him in his useful work. An injury to him would be considered an injury to the tribe and would be punished by the tribe as a whole. So other people, outside the tribe as well as inside, were less likely to molest him because of the fear of tribal vengeance. So, too, the larger group offered increased sources of food, since neither herding nor agriculture could be introduced until men had learned how to live together in larger groups and arrange for the common protection of cattle and crops.

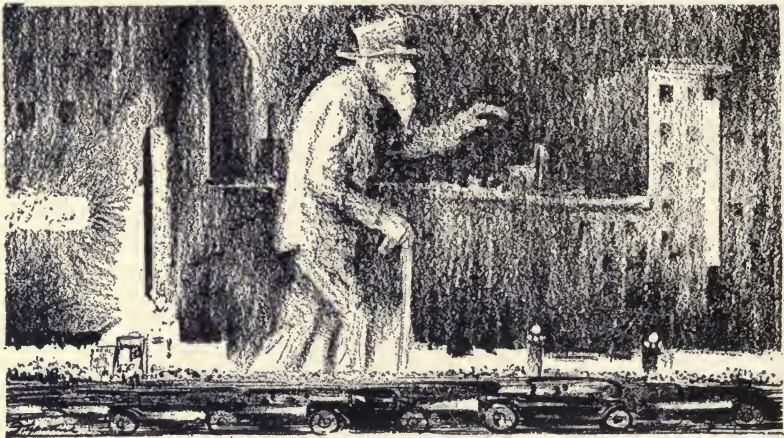
Still further, the new habit of living together meant more comfortable habits of life. What one man did not think of,

another might, and an interchange of ideas left them both richer. Perhaps one man found a roasted animal among the embers of a forest fire, and taught his fellows the delicacies of roasted meat. Perhaps another noticed a correlation between the position of the sun and warmer weather, and showed the rest when it was wise to plant the crops for a more plentiful harvest. There is little doubt that some early inhabitant of the Nile River valley discovered that the river flood always came at the time when certain constellations were to be found in certain positions in the sky. This enabled him to warn his neighbors to escape with their belongings before the flood swept down upon them.

Then, too, undertakings which were beyond the strength and skill of one man were possible when several worked together, and all could profit thereby. Two men could more easily track down a deer. A group of men could successfully attack a mastodon upon which the whole tribe would be able to feast. A few men working together could move logs which were beyond the power of one man to stir. In fighting, organized effort was necessary. The tribes that did not organize were soon exterminated.

As time went on the tribe gave place to the city state, and the city state to the nation; and always more and more people had to be considered by the individual. The extent to which the group succeeded in learning this lesson of coöperation determined the success of the group. Thus far the world has reached in its thinking the ability to think in national terms. And when a nation contains over three million square miles of territory, and over a hundred millions of people, we can see how far man has progressed since the early days when he had not learned to think beyond his immediate family. But as the nations of the world become more and more closely connected we are learning that we must begin to think internationally, to see the point of view of people who are not of our own nationality or race.

Conservatives. But while the development of civilization meant that more and more people had to be considered by the individual, individuals did not agree as to the way in which they were to be considered. Sometimes men in the tribal state kept on thinking as their fathers and forefathers had done and refused to do what the others thought was best for the tribe. Sometimes such people could be taught, and they then learned to think as the group thought. Sometimes they did not seem to be able to learn, and had to be



Courtesy D. R. Fitzpatrick and Collier's

LOOKING FOR YESTERDAY

punished for the good of the whole group. As change after change took place in the progress of civilization, there were always these "ultra-conservatives," as we may call them—people who lived in one age and stage of society, but insisted in thinking in terms of a bygone stage.

Frequently the opposition of these conservatives was due to a sense of pride in work which they could do by the older methods. Farmers who had learned to cut the grain with a scythe and bind it by hand resented the introduction of machine farming, because their skill was of no use with the

new method. Weavers whom the Industrial Revolution had displaced saw that the deftness of fingers which they had acquired by years of practice was no longer of value if the new ways of weaving were put into use, and opposed the introduction of the factory system even to the point of violence. Sometimes the opposition was due to an inability to realize how rapidly the world was moving, as when Parliament obstructed the development of steam locomotion. Always such opposition stood in the way of progress.

Radicals. On the other hand, there were some people who did not keep the customs or thought of their ancestors, but advanced far beyond their own day. Some of them had ideas that would some day be believed by later generations, as had Aristotle when he declared the world was round, or Galileo when he put forward the theory that the sun and not the earth was the center of the universe. Others had ideas which they thought progressive, but which both their own and later times would join in declaring impossible and absurd. They were the "radicals" who wanted change at any cost, like the man who advocated the postal reform league which would carry passengers and freight as letters are carried, for the same fare regardless of distance, because in office buildings no charge is made for the use of the elevator. And sometimes "radicals" deceived themselves into taking up ideas as new which were outworn and discarded centuries before. Communism, for example, goes back to the early stages of civilization, and has been tried again and again in the years that have followed, as in the case of the Pilgrims, the Brook Farm experiment, and, recently, in Russia.

These types of thinkers have felt that their beliefs were necessary for their kind; and while the world has not always seen fit to agree with their beliefs, it admits that all kinds of thinkers are necessary—provided the extremists do not appear in too great numbers. We need conservatives, who

will hold fast to the old until it has been proved beyond a doubt that a new method is a better one. On the other hand we need the progressives, who find new ways which many times are better fitted to a changing environment. It would be easier, of course, if we could know beforehand just which old methods would stand the test of centuries, and which new ones would prove to be desirable, but since such foreknowledge is impossible, both types of thinkers have their place, and the rank and file of us will do well to follow the old adage, "Be not the first by whom the new is tried, nor yet the last to lay the old aside."

Change by persuasion. Neither type of thinker needs to resort to force to compel the world to keep or to adopt its cherished beliefs. In democracies of the present day the majority possess the power to rule, and the only right way to make people believe as we think they ought is to convince them of the truth of our belief. Control won by conviction is far more certain and secure than control established by force. The effect of religious persecution throughout the ages has generally been to spread the very doctrines which persecution tried to wipe out. Galileo, compelled to take back his theory about the motion of the earth, immediately murmured under his breath, "But it does move." The French Republic was twice established by force, and twice gave place to the rule of a monarch. It was not until it was once more established, and this time by the reasoned vote of the people, that it became permanent.

Always, everywhere, the general change in the ideas of what is right and proper has been in the direction of making it possible for us to live in larger and larger groups, held together not by force, but by voluntary agreement among free citizens.

Home training. We get our first training in such group living when we are very small children. We all want our own way almost from the instant we are born, and even before we can say a single word we are apt to cry if we

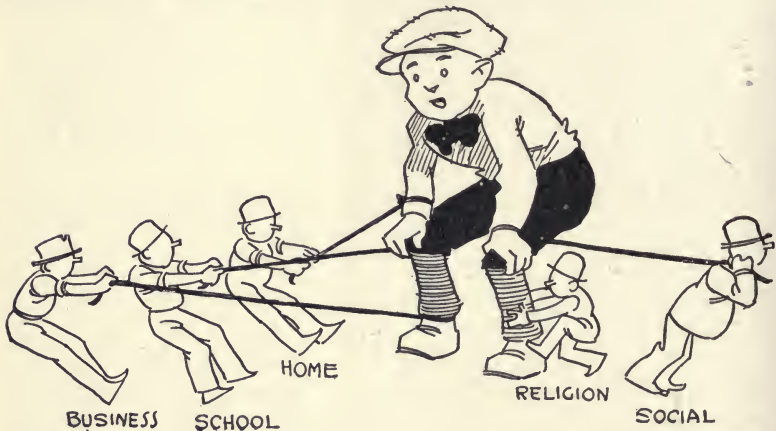
cannot get it, but most of us learn very soon that there are other people besides ourselves who must be considered. We soon learn the sort of things it is right for us to do, and learn to content ourselves with these.

Some children are not taught such lessons early in life. Their parents seem to forget that children must learn to get along with other people, and so give them their own way too often, excusing themselves by saying that they "love" their children so much they cannot bear to cross them. Thus the children become "spoiled" and when they are thrown with other children they do not know how to get along with them. They are so used to having their own way with their parents that it does not occur to them that children of their own age will not be so ready to give in to their whims at all times.

School training. When the child goes to school he meets one of these experiences. Until now he has had to think only in terms of himself, of his family, and of the few playmates with whom he wishes to associate. Now he must learn to think in terms of a number of children, some of whom he may not like at all. He must learn to meet the new obligations of school life. He may no longer speak out when he wishes, nor move about as freely as he has been accustomed to. He must come into school when the session begins, and stay until it is finished. He must work when the others work, and play when they play. In most schools he may not study or recite a subject when he wishes, but must study and recite when the rest of the class do. What he likes and what he wishes are no longer the main points to be considered. There are many others in the class, and the wishes and welfare of all must be taken into account. A child who does not adjust himself to the larger group, and learn to think in accordance with the principles upon which it depends, finds his school life an unhappy one.

Religious training. We may learn much in the way of right thinking from our religion. There are certain ideas

and ideals which are a part of every religion and are the indispensable foundation of all group life. Honesty and kindness, charity and service, and the love of our fellow men are the cement which must hold the social order together. To be sure, even irreligious people, if they are thinkers, must admit that without such ideals we could not live in large groups: that, in the end, adherence to every one of these ideals is to our individual advantage, but many times the advantage is too far off for us to see it.



Drawn by Guinness

EVERY ONE OF US IS CONTINUALLY SUBJECTED TO MANY INFLUENCES
How we balance them plays a very important part in our success.

Business and social life. In the business world we learn that if business is to be profitable it must take into account the rights of others. A few men may be dishonest and "get away" with it, because our economic order is so vast today. But if the majority of business men were dishonest, if they all tried to profit at the expense of other people, business could not go on very long. The most successful businesses, over a long period of time, are those which have established themselves by honest methods and have increased their own prosperity by rendering service.

The same principle holds good in our social life outside of school and business. If we are thinking solely of ourselves, we are likely to be let very much alone. Someone has described a bore as "a man who insists upon talking about himself when you want to be talking about yourself." The very popular person, you will notice, is one who is never so interested in his own concerns that he does not have time to be interested in other people.

Being considerate of other people's opinions, however, does not mean that we should always give in and let them have their own way. A "human doormat" is just as undesirable as the egotist who insists upon having his own way all the time. We should cease to consider other people wrong, however, simply because their ways are not our ways. We should try to find out what is the best thing for others, and so, in the long run, for ourselves.

LEARNING TO THINK RIGHT

1. How do you think a man who had never seen one would regard an automobile? a printing press? a gas stove? an airplane? an electric sweeper? canned goods? a skyscraper?

2. What mistakes can you remember to have made yourself because of insufficient information about a subject?

3. Why is it impossible to "judge righteous judgment" in regard to some question about which you are prejudiced?

4. Think of some question about which you feel very strongly. What is your attitude when people who do not agree with you try to talk to you about it?

5. What happens to an attempted reform when those who wish changes are not in possession of accurate and complete information?

6. What is the effect on the cost of production if employers and employees spend their energy, time, and money in disputing? How might the cost to the consumers be affected if they spent the same amount of time, energy, and money in cooperating to give better service?

7. Is a business in which the owners try to take advantage of the customers likely to be a profitable one? Explain.

8. How should the understanding of the law of supply and demand affect the question of the attitude of the producer and consumer on page 3? Explain.

9. For men who must work for other men in order to gain a living, is it an advantage or a disadvantage to have a large number of employers who need their services? Explain.

10. Why have some large employers of unskilled labor wanted unrestricted immigration?

11. Do you know anyone with whom you agree at all points? What happens if you put the emphasis on the points on which you disagree? on the points on which you agree?

12. Find out how much the World War cost the United States; how much it cost Europe. What would have been the result if the same amount had been spent for constructive instead of destructive purposes?

13. How many men were engaged in fighting during the World War? How many were engaged in the production of munitions? How many were engaged in providing food, clothing, and shelter for those others? What would have been the result if their time had been spent in productive work?

14. What advantages would a large tribe have over a small family group? How would the individual tribe member have to pay for these greater privileges?

15. What other illustrations, besides those in the text, can you think of where one of our early ancestors thought of something which would help the others?

16. What would happen to a nation if all its citizens were conservative? if they were all radicals?

17. As a little child were you ever able to get what you wanted by crying for it? Do you think it is a good or a bad thing for a child to get what he wants if he cries for it? Why?

18. What are some of the things which you are forbidden to do in school which you would not be forbidden to do if you were in a room by yourself?

19. What would be the effect on the school if everyone should do as he pleased without regard for the rest of the class?

20. In a football game how would the rest of the team regard a player who refused to follow the signals? What would be the probable effect of the player's conduct upon the final score of the game?

21. Would you like to live among people who were habitually dishonest? unkind? thoughtless of others? Why?

22. How would other people be likely to regard you if you displayed such characteristics?

23. How many of the people whom you most admire are interested solely in themselves?

CHAPTER XIV

HOW COÖPERATION IS SAFEGUARDED

Protection against dangers at home. Coöperation is based upon confidence. We are not willing to divide work unless we have a reasonable assurance that the other fellow will perform his part of the work if we perform ours. Moreover, we are not willing to save and invest, and thus increase the material welfare of our country, unless we are certain to be protected in the possession of what we have saved or gained. Even in a small group or organization we cannot be sure that everyone will do his part without compulsion, nor can we be certain that no one will help himself to what he has not earned unless there is some restraint. In a more complex organization there is an even greater opportunity for shirking obligations and ignoring the property rights of others. Here is where the government steps in, and, to a large extent, safeguards the coöperation of those who go to make up the nation.

Suppose the one hundred twenty million or more people in the United States should agree that a common government was no longer necessary, and that each man should be responsible for his own life and his own possessions. Even as it is, many murders are committed in the United States in the course of a year through the desire for vengeance or for the acquisition of goods. This happens in spite of the fact that murderers and would-be murderers know that they will be relentlessly tracked or searched for by the police force, the detectives, the plain-clothes men, the state police, and the national secret service. They know, too, that if they are caught the courts established by the government will

mete out to them the punishment which their wrongdoing has merited. They know that even if they should escape to another state or another country they can be brought back by requisition or extradition and forced to stand trial. If a criminal had no fear of punishment for wilful murder other than that which he would be in danger of suffering at the hands of the relatives of the murdered man, as was the case in an early stage of civilization, there would be less restraint upon his acts, and assault and murder would undoubtedly be more frequent.

Moreover, if we had no government each individual would have to stand continual watch over the things which he owned or else run the risk of finding that someone else had taken them for himself during the owner's absence. Even under present conditions thieves do occasionally "break through and steal"; but we may be sure that many more people might be tempted to live upon what other people had worked to accumulate if it were not for the fear of being caught and punished.

Protection against danger of foreign attack. But if all the inhabitants of a country should mutually agree to respect each other's lives and property, even then we should not be able to consider ourselves safe. Since the material prosperity of the country is great, there might be other and less fortunate nations which would covet our possessions; and these might march upon us, and possess themselves of our goods. We might attempt to defend ourselves, but if they were well organized and we were not, we should stand small chance of doing so successfully. Therefore we welcome the existence of an army and navy which can protect us, and we pay the necessary taxes with fairly good grace. Even when our ancestors had resented the presence of the British army in the colonies it was not the existence of an army and navy to which they had objected, but the oppression of an army and navy not their own. And they felt the necessity of a strong body

of troops to make a reality of the independence which they had declared. When the Constitution was written it made definite provision for the establishment of an adequate army and navy, and furthermore arranged for a state militia which might be called upon for local defense.

Protection against even the government. Yet our forefathers were not willing to take chances of exchanging one despotic authority for another. They wished to safeguard themselves even from the government itself. In accepting the Constitution, Massachusetts, Virginia, New York, and



Drawn by Guinness

THE WAY OF THE TRANSGRESSOR IS HARD

Followed by municipal and state police, secret service men, and extradition processes, the criminal has little hope of going long unpunished.

other states proposed amendments which would limit the authority of the central government, and the first ten Constitutional amendments (known as a Bill of Rights) insure the individual against the encroachments of the government. We are guaranteed liberty of speech, of the press, and of assembly and petition, as well as of religion. Our country was settled by people who in many cases had left their homes because they were unwilling to conform to opinions and doctrines which they could not accept; and their descendants, the makers of the Constitution, saw to it that guarantees of personal liberty were placed in that document.

But of course that liberty must be checked by the equal right of everyone else to the same degree of liberty. A man may feel free to dislike a law, he may feel free to talk against it and agitate for its repeal. But he is not at liberty to disobey the law without punishment, and he is not at liberty to counsel others to disobey. He has a right to his opinions and a right to influence others to agree with him, so long as his action does not tend to overthrow the very government which alone could guarantee such liberty.

Regulation of living conditions. The government also safeguards us against harm which may not be directed willfully against the individual. In the days when families were widely scattered, each family group could be responsible for healthful living conditions. But since the growth of city life, we have become dependent upon one another even in this respect. We cannot have pure air if too many of us are crowded together into one room. We cannot have pure air if the factories are allowed to pour out unlimited quantities of smoke from their great chimneys. We cannot have pure air if our neighbors are careless of the disposal of their garbage. Neither can we have pure water, those of us who have no spring or well of our own, unless those others who must use the same water supply are willing to coöperate to keep it pure. We cannot have pure food, since we no longer raise for ourselves whatever we need, unless the producers are made to put into their products only those things which we have a right to expect to find there.

By ourselves we could never hope to mend matters, but the government which represents us all can do this for us. It can limit the number of persons who may live in houses and tenements, and can require a certain number of cubic feet of air for each person in the schools. It can dispose of the smoke nuisance by requiring smoke consumers or special furnaces. It can see that provisions are made for the proper disposal of waste, whether the municipality takes care of it itself, gives it into the hands of a contractor,

or has it attended to by persons licensed to look after such work. It can see that the garbage is properly disposed of through drying, destruction, or reduction into grease and fertilizer. It can provide a sufficient number of street cleaners to keep the streets reasonably clean, and can look



Drawn by Alley

Courtesy Memphis Commercial Appeal

CAUSE AND EFFECT

out for proper sewage disposal. It can see that the water supply is adequate in amount and is made pure by proper filtration. By the passage of pure food and drugs laws, the state and federal governments can prevent the producers of goods from using poisonous or otherwise harmful ingredients, and make them declare on the labels of their packages the ingredients which have been used.

Regulation of working conditions. In the days when most individuals worked for themselves instead of for an employer, they themselves were responsible for any misfortune which might befall them while they were at work. But an employee can do nothing to save himself from the danger of being burned alive if his employer does not provide his place of work with satisfactory means of escape or if the construction of the building is such as to make it a veritable fire trap. The worker is continually endangered by unprotected machinery, and in spite of carefulness on his own part he may be badly injured or even killed.

Protection against fire and industrial accidents. The government can see to it that we do not run the danger of death or injury as the result of fires, by establishing fire limits within which no wooden buildings may be erected, by requiring proper fire exits, fire escapes, and fire inspection, and by forbidding the building of bonfires within the city limits without a permit. It can guard against death or injury in industrial accidents by requiring that belts and switches shall be covered, and that dangerous machinery shall be protected. Workmen's compensation and employers' liability laws can be passed which will lead the employers to safeguard the interests of their employees, since everyone knows that the pocket nerve is the most sensitive portion of the human anatomy. The government can see that the use of safety lamps in mines lessens the danger of explosions, and that the leaving of pillars when the coal or ore is removed allows less chance of cave-ins. It can see that signal lights on railroads, safety switches, and block signals make the work of railroading a less dangerous occupation.

After all, there are comparatively few employers who need very strenuous measures taken against them. Some employers will look after the welfare of their employees even at the cost of a business failure. The majority will be as considerate of their employees as it is possible for them to be and still make a reasonable profit, while a few

may take as much advantage of their employees as the law will allow them to take. They are the ones against

This year 425 Pedestrians will be killed by MOTOR VEHICLES in MASSACHUSETTS unless each operator makes an effort to reduce this number



225
WILL BE
CHILDREN
UNDER SIXTEEN

135
WILL BE
ELDERLY PEOPLE
OVER SIXTY



**WILL YOU PROTECT THE CHILD?
AND THE AGED PEDESTRIAN~?**

Courtesy Mass. Auto Rating and Accident Prevention Bureau

A LEAFLET TO MAKE ONE THINK

This leaflet was inclosed with each automobile license application sent out by the Massachusetts Registry of Motor Vehicles.

whom the employers' liability laws must really be directed, since the greater part of the employing group will welcome

such laws, will gladly observe such regulations, and will back the government in passing and enforcing them.

Protection against traffic accidents. Our lives may be endangered in dodging traffic on a crowded street or in crossing the railroad tracks. Part of the time it may be due to our own carelessness if we disregard the signals; but part of the time the fault is that of another, and yet we pay the penalty. We ourselves could do nothing for self-protection, but the government can see to it that severe enough penalties are imposed to make reckless driving less prevalent, and can require that dangerous grade crossings be eliminated.

Protection of property. Just as much of the danger to our lives and health comes indirectly rather than directly, so with the danger to our property. If we are devoting ourselves to a single agricultural product, any disaster which may befall that product is likely to mean complete disaster to us. If our cotton crop is destroyed by the boll weevil, if our corn fields are attacked by the corn borer, if our cattle become afflicted by the foot-and-mouth disease, we may almost in a moment lose the greater part of a year's income. Once more we have to turn to the government for aid. The Department of Agriculture, the state agricultural schools, the farmers' institutes all stand ready to show us how to prevent such troubles as these, or, if they have reached one section, how to prevent them from spreading to another. Such agencies also show us how to make our production effective and how to diversify our crops so that the destruction of one crop will not mean a total loss of all our year's work.

Protection against fraud. In the old days each man produced for himself, and if he had a surplus was apt to exchange it with his neighbors for something which he might desire from them. In this day of large-scale production and specialization, our surplus is apt to be in the form of money paid us for extra work. We frequently

use cash to gain increased income, often combining it with the money of many other people to help finance a corporation, since the amount we have for investment is



Drawn by Harding

Courtesy Brooklyn Eagle

THE FOOL TRAP

too small to use by itself. But most of us can know very little about investing our money, and there are many people who make a business of taking advantage of our ignorance and the deep-seated desire which most of us have of getting

something for nothing. They persuade us to buy stock which promises great returns, but which really means putting our money in "wildcat" companies; and our savings are swept away. The government is always on the alert against the bucket shops which provide for gambling in securities or commodities with no delivery of the securities or commodities sold or purchased; and, since much of their advertising is done by mail, proceeds against them for fraudulent use of the mails. Some states have what is known as *blue-sky laws*, which prevent the sale of stocks and bonds which do not represent actual investment in some business enterprise of a reputable sort.

Benevolent despots. At present there is a great deal of discussion going on in regard to government interference in business. Some people believe that we should be better off if the government had less say in such matters. Others feel confident that the only solution of present-day problems lies in increasing the power of the government. In order to understand this question it is necessary to go back in history and find out how the present condition came about. There was a time, more than a century ago, when the government—then in the hands of the kings—thought that it was necessary for it to look over the minutest details of the life of the people. These kings were known as *benevolent despots*, because they tried always to decide for their people what it was best for them to do, and then insisted that they do it. This was especially noticeable in industrial life, where people were bound by regulations more harassing and more intolerable than even the old guild regulations had been. It was carried to the extreme by Colbert, the very able minister of Louis XIV, who "fixed by law for each kind of cloth, the length and breadth, the dimensions of the selvage, the number of threads in the warp, the quality of the raw material, and the method of manufacture. His instructions for dyeing contained 317 articles to which dyers must conform. . . . A manufacturer always

ran the risk of having his wares confiscated, not because they were bad and the people did not want them, but because they failed to conform in some point to hide-bound regulation."¹

Mercantilism and trade restriction. Moreover, the chief trade policy of the government was what was known as *mercantilism*, which was based on the belief that the prosperity of the country could be measured by the amount of the precious metals kept within the country. In accordance with this theory the government forbade the exportation of gold and silver and encouraged the production and export of goods which could be sold to other nations, entirely ignoring the fact that as a rule nations prefer to buy where they can sell their own goods. In addition, the flow of trade was directed into certain definite channels by the use of prohibitive tariffs, tolls, and export duties. In colonial trade one government went so far as to control the port and time of departure, the port of arrival, and even the goods which were to be carried.

The *laissez faire* system. The result was that people grew very tired of such interference and struggled to establish what is known as the *laissez faire* (let alone) *system*. Applied to government, it meant that that government was best which governed least. Applied to industry, it allowed any man to enter any business which he might desire. It was a step in advance in that it allowed individuals to establish new businesses, to open new markets, to seek out new sources of supply, to experiment, and to adopt any methods of organization which they found advantageous. It gave free rein to individual initiative and a needed elasticity to productive organization.

The *laissez faire* principle was intended to give a square deal to all—to allow the law of supply and demand to be the sole test of the right of an industry to exist; and it should have resulted in the survival of the economically

¹ Day: *History of Commerce*, pp. 246, 247.

fittest both as to individuals and as to industries. As the idea has worked out, sometimes the best man fails to reach the desired position, and an inferior man holds the place. One man may get his position solely through wealth or family connection; a poorer man may be denied the opportunity to show his worth. A rich corporation may by unfair means crowd out a poorer competitor, acquire a monopoly, and charge a higher price for an inferior article. Patents for improving methods of production may be bought up and thrown on the scrap heap in order that less efficient methods may be carried on without fear of competition. The employer may, under such a theory of free competition, take advantage of his employees, requiring long hours of labor under poor conditions at low wages. And he may do all this in the name of "freedom of contract."

The police power of the state. The government has found, therefore, that it must assume more power if we are to work together effectively and harmoniously. It has undertaken to limit monopoly organization, to regulate working conditions and hours of employment, and in many other ways to see that freedom of work for anyone does not carry with it the right to take unfair advantage of any of the rest. If we were angels instead of human beings such laws would not be needed, because we should all want to do what was reasonable for the best interests of all—which is all that a good law ever requires. But we are very human and even in little things we are not guided by what is the best thing for us to do. We eat food which we know will disagree with us, buy clothes which we really cannot afford, idle when we know we ought to be working, sit up when we know we ought to be in bed, lie in bed when we know we ought to get up.¹ So it is not surprising that we are equally unreasonable in our economic relationships.

Consequently the government has had to take advantage of what is called the police power of the state—the right

¹ Adapted from Clay: *Economics for the General Reader*, p. 424.

to undertake any necessary means to promote the health, safety, and general welfare of the people. Only in this way can people be prevented from taking an unfair advantage of one another, and these things should really determine the amount of government intervention. So much, and only so much, interference should be exercised by the government as is necessary to assure to each one of us the fairest chance to make the most of himself, in order that we may do our share toward making this country of ours the best possible country in which to live.

The Australian ballot. But if the government is to protect us against these other dangers we must be very sure that the government itself is to be depended upon for honest and effective service. The earlier form of democracy, the so-called *pure democracy*, permitted all the citizens to take an active part in the passing of all the laws. That type of government was workable only with a population so small that all the people could easily come together and discuss public business. If you can imagine what it would mean to have the millions of voters in the United States come together, and what the cost of transportation—three thousand miles or more for some of them—would be, you will readily see how impossible such a type would be for us. But since we have a representative democracy it is essential that our representatives should be of the highest type.

Several changes have been made to remove, so far as possible, the opportunity for political corruption in elections. There was a time when election was *viva voce*—shouting for the candidates—and the party with the strongest lungs had the greatest chance of winning. Even after the written ballot had been introduced there was still a great chance for bribery and intimidation (frightening the voter into doing as the politicians wanted him to do) because anyone could see how anyone else voted, if he cared to do so. Today, however, we have the so-called Australian, or secret, ballot, getting its name from the fact

that it was first used in Australia. A man goes into a booth, places the crosses in the desired squares, folds his ballot, comes out of the booth, and places his ballot with his own hands in the ballot box; and unless he chooses to tell, no one need be the wiser as to how his vote has been cast.

The direct primary. Formerly the candidates were nominated at the party caucuses, which were generally under the control of the local politicians. Sometimes the candidates were selected solely because of their connection with the party and with no regard whatsoever for their fitness for the position which they were expected to fill. The political "machine" was generally able to select candidates at will, because opposition to such men was likely to be unorganized. Moreover, sometimes people from the opposition party appeared at the caucus and raised their voices in support of some candidate whom they considered too weak to win over their own man. So a change was made to what is known as the *direct primary*, where there are ballots as in a real election. All parties nominate their candidates at the same time, usually by a different colored ballot for each party, and no ballot is given to any person who has not previously declared his affiliation with that particular party.

The short ballot. Sometimes there are so many names on the ballot and so many offices to be filled that the voter has hardly time to read the names, to say nothing of being able to find out the qualifications of each man. Since the greater part of the subordinate nominations are determined by the party leader, it has been considered advisable to elect comparatively few officials and allow them to select their own subordinates, holding the elected official responsible for the acts of the men whom he chooses. Such a *short ballot* enables the voters to go more carefully into the question of the fitness of the few candidates, and gives a greater chance for satisfactory selection.

Commission plan and city manager government. Some towns and cities have gone still further in concentrating responsibility. They have established what is known as the *commission plan*. A small body of from five to nine is elected, combining both the legislative and the executive duties of the government. The responsibility is thus fixed and cannot be shifted from one official to another as is frequently the case under the usual system. Still other cities take another step in the same direction, selecting what is known as the *city manager* in whose hands is practically all the executive power, a small city council or commission levying the taxes, voting ordinances, and selecting the manager when this is necessary. Moreover, unlike most municipal officials, this manager does not need to be a resident of the city or borough, but may be secured wherever a man of the desired type is to be found.



Courtesy the Magazine of Business

A PLAN OF MUNICIPAL ORGANIZATION
Compare page 125.

Checking up on officials. Election of the proper officials, however, does not mark the end of our obligation. Many a man who has entered upon public office with the highest ideals has found it hard to maintain his standards when surrounded by corrupt fellow officials. He sees other men making money illegally and at the expense of the public,

and yet they stand as high in the public regard as he does. He sees his family denying themselves pleasures and comforts which he could easily give them by compromising his principles only a little. Sometimes when he opposes the granting of a franchise which would confer too great privileges, or when he tries to block the passage of laws which would favor some special interest, those who are not playing the game squarely take more active measures against him. The conduct of the business which he carries on



Drawn by Inwood

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CHAPTERS II TO MMCMLXII, IN THE HISTORY OF OUR PUBLIC PARKS

apart from his public service is threatened. He finds himself called upon to make a very difficult decision. He may hold to his ideals and principles and let his family actually suffer want. Or he may cast his vote as the politicians direct and give his family the comforts which hitherto he has been unable to afford. The public, for which he has risked the well-being of his family, seems utterly indifferent as to which course he may choose. Probably they will not even know which way he casts his vote. Yet if he should go against the public interest the voters themselves, by their

carelessness in failing to watch the conduct of the officials whom they have elected, are nearly as responsible as he. However good his intentions, no official can be truly effective unless he has intelligent, well-informed, active support. Unless such support is forthcoming, positions will be handed out in accordance with the *spoils system* in return for putting party loyalty ahead of loyalty to the community.



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REPRESENTATIVE GOVERNMENT

Those who are of the type which can remain honest and prove efficient as public servants should look upon holding office as a sacred duty. One reason why our government is frequently so poorly administered is because the men who could best carry it on are unwilling to spend their time on it. It would take them away from the making of money, or it would interfere with indulgence in some favorite hobby; or the men with whom they enjoy coming in contact are not

connected with public life, or they think that the job is too difficult to undertake. During the war the "dollar-a-year" men did much to tide this country over the most difficult period in its career. In the face of an overwhelming danger, practically all the ability of the whole United States was at the disposal of the government. Yet the country needs loyal service and devotion even more in time of peace, since the years of peace far outnumber the years of war, and



Courtesy J. N. Darling and Collier's

ROUGH WATER AND HALF THE CREW NOT WORKING.

since the prosperity of the country must be built up in those years. War is merely an interruption in the true history of nations. Peace alone can furnish the proper environment for growth.

Individual obligation. No citizen can hold himself ready for service at any time unless he understands and is filled with the ideals for which our country stands. He must understand what it means to live in a democracy, where birth or wealth do not of themselves determine the position

and influence he may possess during the remainder of his life, where ability alone measures the height to which a man may rise. And beyond that, he must realize that such opportunity lays a larger obligation upon him. An autocracy frequently has a more efficient government than a democracy does, because the designs of a single mind can be more swiftly carried out than would be possible for the decision of a bare majority, achieved after a period of wrangling dispute. But autocracy cannot produce the high type of citizen which democracy can. An autocracy may possess a higher type of government than the average of its citizens; a democracy cannot, and the effectiveness of our government depends upon the conduct and ideals of each one of us.

HOW COÖPERATION IS SAFEGUARDED

1. How does the government of your city or town protect you against crimes of various sorts?

2. What would happen in your own city or town if the government should stop keeping order and every person felt free to do just as he wanted to?

3. In what ways does the government make it difficult for criminals to succeed in their attempts?

4. If a criminal should escape into another state, how could he be brought back? Is extradition always granted? Why or why not?

5. In what ways does the government protect us against invasion by other countries? Does this mean that we believe in war? Explain.

6. Could one nation decide that it would completely disarm itself? What would very likely happen to it? What steps have the nations taken toward general disarmament?

7. What do you think of the theory that the best way to insure peace is to prepare for war?

8. Find out from your history when and why the first ten amendments to the Constitution were passed. How do they prevent the government from trespassing on the rights of individuals?

9. Has the government a right to interfere with free speech of any sort or under any circumstances? Explain.

10. Does the right to *free speech* mean the right to persuade other people to break laws? How could an unpopular law be changed?

11. If anyone does not consider a law just, does he have the right to disregard it? What can he do about it?

12. How does the government protect us against harm which might be done us unintentionally? Can you think of any things which you might have done without thinking if there had been no law forbidding the act?

13. What health regulations have been made in your city or town? what fire laws? What sort of factory legislation does your state have?

14. If the greater number of employers want to be fair to their employees, why do we need laws in regard to such matters?

15. What is the difference between workmen's compensation, and employers' liability laws? How have they affected working conditions?

16. What are the traffic laws in your community? Do you have many grade crossings?

17. What has been done in your community in the direction of "Safety First"? How can you help?

18. Make a poster which you think would make people interested in a "Safety First" campaign.

19. Why are we more dependent upon others for health and safety than our forefathers were?

20. How does the Department of Agriculture protect the farmer?

21. How else does the government help the farmer in his work? What would happen to us if all the farmers gave up their work?

22. How does the government safeguard us from being made the victims of dishonest stock promoters? Are there any blue sky laws in your state?

23. Bring into class some investment literature which has been left at your home. Does the corporation which issued it make any promises which it would be unlikely to be able to keep?

24. See if you can find out from your history the name of some benevolent despots. Why were not the people satisfied with such an arrangement?

25. What was *mercantilism*? Why do you think we no longer follow this principle?

26. How did the *laissez faire system* improve matters? What were its weaknesses? Would you like to return to the system?

27. What government restrictions and regulations can you think of? Do you think we should be better or worse off if the government should extend its control? Discuss.

28. What is meant by the *police power of the state*? Give some examples of it.

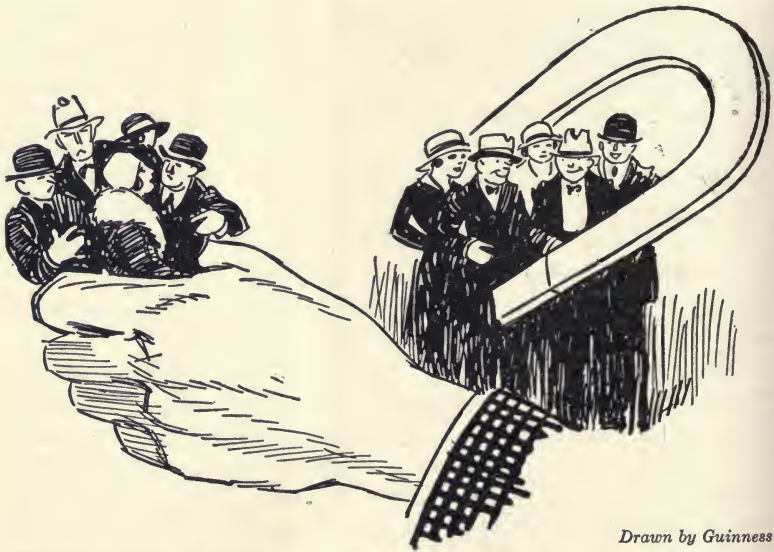
CHAPTER XV

HOW THE GOVERNMENT HELPS US TO WORK TOGETHER

The test of effective government. No government could exist if the people who lived under it did not in some measure work together. And what sort of government it is which enables people to work together is not so important as the fact that they have learned to do so. We believe today, and rightly, that democracy is the finest and highest type of government which has yet been evolved, but there is nothing in the name *democracy* which gives it any excuse for being. It can prove itself to be the best sort of government only so long as it proves to be the kind of government under which men work most efficiently together.

Monarchy. There really are two ways of holding people together: they may be compelled by the fear of punishment; or they may be persuaded by the hope of reward. And both have appeared at one time or another in the governments which the world has produced. At one time a chief was in charge of the affairs of government, at first both aided and checked by those who shared in the work of defending the group. Since he was by necessity a born leader, strong, able, crafty, and resolute, he became the indispensable man and generally got the best of everything the tribe produced or conquered. He became wealthy, and used his wealth to increase his power. He frequently got possession of the land of the tribe, and by granting or withholding portions of it became still more powerful. His power became absolute; he was leader in war; he acted as judge in all matters of importance; he served as chief priest in the religious ceremonies of his people; in some cases he was looked upon as a god.

The people, however, were better off than they would have been without such a head. They were in less danger of attack from outside foes than they would have been with no organization whatsoever for defense. They were in less danger of attack from members of their own group, since the king meted out a reasonable degree of justice whenever the point at issue did not concern his own interests or those



Drawn by Guinness

PEOPLE WHO ARE FORCED TOGETHER ARE DISCONTENTED; THOSE WHO ARE DRAWN TOGETHER ARE SATISFIED AND WORK HARMONIOUSLY

of his immediate friends. And while the working together of many of the people was often only because they were too terrified to do anything else, the fact remains that they did work together, and the state grew powerful.

Aristocracy. So long as the king retained real ability to lead in war and to control the organization of his kingdom, absolute monarchy remained the type of government in force. But when the line of hereditary succession began to

produce weaklings and power began to slip into the hands of favorites, the nobility felt that it was time for them to stand up for their rights, since they could no longer depend upon an irresolute king. The first step was to remove from the king many of his powers. He was no longer to lead in war, that authority going to some noble who was really fitted for the work. He was to give up his position as high priest to the leader of a priesthood which was ever increasing in power. He was even to hand over to others his former work of judging, in order that he might have more time for self-indulgence. The absolute monarchy had been limited.

The division of labor of government had begun, and with it appeared the specialization which always follows division of labor. The war chief was apt to be a better leader than most of the kings had been. The judges were better fitted for their work. The priests were able to give closer attention to learning the complicated ceremonies which had grown to be an essential part of religion. The lower classes, while they still had no part in government, without question performed their share in production, even though the motive which drove them to it was fear. The number of the ruling class had increased, and the nobility openly assumed the positions of power which practically they had held for some time. Thus the rule of one gave place to the rule of the few; oligarchy took the place of monarchy.

Plutocracy. At first a nobility which obtained its position by birth was in power, so that the oligarchy was what we know as an aristocracy. For some reason people in power find it necessary to show their position by lavish display, and this costs money. But the inherited wealth was not unlimited, and neither was the amount the nobles could wring from their downtrodden peasants and serfs, so they had to go to the traders, who had amassed money which might be borrowed. Those born to nobility looked down upon those who might be able to afford as much display as themselves, but who lacked the "blueness" of blood

which was held the mark of real nobility, and for some time the merely wealthy were excluded from taking part in government and from social equality with those of rank. Finally, however, the bars were lowered, generally first by allowing intermarriage between the two classes, and later by opening the doors of official positions to those with money. It was still the rule of the few; but now it was the rule of the rich, a plutocracy.

The organization of this new group life was apt to be marked by more efficiency than the old, since efficiency had been necessary for the amassing of wealth. While with one hand the wealthy had been striving to wrest some of the power from the nobility above them, with the other they had been endeavoring to prevent the lower classes from climbing to equality with themselves. Nevertheless, the process of working together was improved, since the wealthy were not interested in war as a pastime, as the nobles had usually been, and realized how much more easily profitable trade could be carried on under a government which kept peace within its borders and with its neighbors. Moreover, since there was less danger of the destruction of their crops than there had been in the almost continuous private wars which had been the chief concern of the nobility, even the peasants had a greater incentive to work.

Tyranny. The nobles had not willingly been shut out from their former powers, especially as the new group in authority sometimes sent some of the more enterprising of the nobility out of the country in order to prevent any attempt to regain power. Occasionally there would arise some noble gifted with the same qualities of leadership which had won for the king his powers in the early days of group coöperation. He realized the hostility of the rich, as well as the weakness of the greater number of his own order; and he saw in the lower classes the backing which he would need to increase his own authority. What they lacked was organization, the very thing which he was fitted by nature

to supply. With their aid he succeeded in overthrowing the power of the rich and in setting up a new government with himself at the head. He became a *tyrant* which in those days did not necessarily mean a harsh and unjust ruler, but merely a ruler who had obtained his power by force and not by birth.

Democracy. Since the tyrant owed his power to the common people, and since he knew he must depend upon them in his struggles with the rich, their condition was apt to be much improved under his rule—and with the improvement in their condition their ability to produce was increased. The sons and grandsons of the tyrant did not always inherit the qualities of mind and character which had enabled him to assert his authority, and too often they displayed the weaknesses which had been characteristic of the old line of kings. However, the tyrant had taught the common people the possibilities which lay within themselves. They knew now that, thanks to their numbers, they possessed great potential power, and the revolt against an unjust tyrant was apt to be a popular revolution. The common people had come into their own, and they established the rule of the people, a democracy.

Types of democracy. At first, when the number of people who made up the government was small enough so that they could all come together to decide questions of great moment, they had what is known as *direct* (pure) democracy. Later, as the population grew and there were too many people to come together to discuss questions of common interest, and as the extent of territory increased so greatly that it would have been hard for many of the people to come together, direct democracy gave way to *indirect*, or representative, democracy.

Types of republics. But not all the representative democracies grew up in the same way. Some of them became *confederate* republics, where the smaller units reserved almost all the power to themselves, and turned over only a

very small part to the central government. Some of them became *unitary* republics, where the central government was given almost complete power even over details which concerned only a very small portion of the people. Some of them were combinations of the two, known as *federal* republics, with certain powers delegated to the central government, but many still reserved to the smaller groups.

Of course not all countries passed through all of these steps, even those countries which are republics today. Such steps, however, show the general line of development, which has kept pace with the increasing need for more effective working together.

With the introduction of democracy, no group was necessarily excluded from participation in government.

Class consciousness. Since the older groups had not been eliminated entirely, such coöperating as took place was far from perfect. There were still groups of people who prided themselves on birth and there were others who looked up to them with awe and admiration because of that fact. There were still the rich, who used their money to further their personal interests at the expense of others; and there were others who, though unable to make money themselves, would toady to those who had it in order to receive their bounty. The lower classes kept their class consciousness, the sense of belonging to a group distinct from other groups. This feeling had been necessary to protect them from those who held political power. As a result, the energy that should have been spent in working for the common good was too frequently wasted in attempting to gain for one class or another a control in which the other groups were to have no part. Too many of the citizens forgot, or had never realized, that it is hard for true coöperation to exist where class groups are found; and that it is only when class groups give way to common humanity that we can expect to find a smoothly running system of coöperation.

Government regulation. We have already seen that our present-day democracy has helped our working together, and that whenever there is wilful or unconscious interference with all that goes to make effective coöperation the government has a right to step in. But people with the best intentions cannot get along well together unless they have certain rules to go by. If there were no traffic rule of keeping to the right, and two men in automobiles approached from opposite directions, only sheer luck could prevent a collision. And yet either of the two might be perfectly willing to yield the right of way to the other provided he knew what the right of way was. The majority of laws, fortunately for us, are of this sort. They do not imply that it is our natural disposition to act in a manner which would be harmful to other people; they merely give us the rules and regulations which will make our living together easier. Moreover, since the government represents us all, it can perform for all of us services which would be unprofitable for individuals to undertake, or if profitable would be conducted with an eye to their own interest rather than to the interest of all.

Regulation of coinage. Back in the Middle Ages the rulers of the various petty states used to coin their own money. Within a territory of a few hundred square miles there might be as many as half a dozen different sets of coins. What was worse, whenever the rulers found themselves in need of more money they were apt to collect the money of the country, melt it up, add cheaper metal to it, and make a larger number of coins than they had had before. This was known as debasing the coinage. As a result, only the people who lived in that country and were compelled by their rulers to accept such money would take it in payment of debts. Imagine what it would mean in this country if Georgia had one kind of coin and South Carolina had another, and if any State could change its coinage whenever it saw fit! The Constitution itself pro-

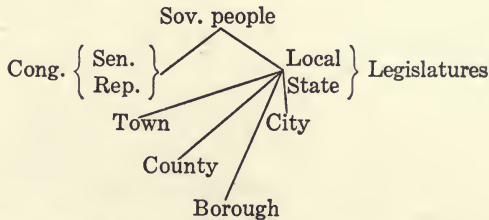
vides that no State may "coin money; emit bills of credit; make anything but gold and silver a tender in payment of debts." And legal coins can be minted only at the United States mints in Philadelphia, Denver, and San Francisco.

Regulation of weights and measures. The federal government was granted the right to coin money, but not the right to take care of all the buying and selling that went on in the country. Yet people can do very little buying and selling unless they can come to some agreement as to what is meant by *yard* or *gallon* or *bushel*. According to the Constitution, Congress has the right to "fix the standard of weights and measures"; but it has rarely exercised this privilege, leaving the definite settlement of such matters to the several States. Yet the government does maintain one department which helps in this matter—the Bureau of Standards. In its office are kept the national standards, with which the State standards are supposed to agree.

Other laws. But beyond standardizing money and weights and measures the government goes still further in its efforts to make coöperating easy for us. Traffic laws are passed in order that the well-intentioned may know what is best for them to do, and that those who are not well-intentioned may be compelled to do what is best for others. And similarly laws in other fields are passed for the same reason. We are governed by federal laws, by State laws, and by local laws, and if some regulations were not made regarding the respective rank of these laws, we should sometimes find ourselves apparently bound by two conflicting laws and have no way of telling which we should obey.

Relative standing of the laws that govern us. The federal Constitution is the supreme law of the land. Any law which does not agree with its principles—since it is with principles and not with details that the Constitution concerns itself—may be declared null and void by the Supreme Court. The Constitution may be changed only by the difficult process of amendment. Next in order

come the United States statutes and treaties, and the State constitutions, and acts of State legislatures. Then, dependent on the latter, we find county regulations and by-laws, and, finally, town or city ordinances and by-laws. Any of the lesser laws must give place to the greater when the two fail to agree. But by the provisions of the tenth amendment to the Constitution, which reserves to the States all "powers not delegated to the United States, nor prohibited by it to the States," it is the State government which has control over such things as fixing the legal relations between man and wife, between parents and children, between master and servant, between owner and lessee, and which determines the extent to which individuals may participate in the government. As a matter of fact, it is the State or local government which deals with most of the customary relations of our everyday life, depending upon the federal government for help when help is needed.



Other types of help. There are many things which would be impossible or unprofitable for an individual to undertake as a business, and yet which need to be done. Telephone, telegraph, and radio must be regulated in order that they may be of service to us, and so must the carrying of letters and packages. Commerce between the States is regulated for us by an Interstate Commerce Commission, although by a Constitutional provision the federal government is forbidden to interfere with commerce carried on within the confines of a single State. Commercial treaties enable us to trade with foreign countries upon advantageous

terms. Consuls in important trade centers in foreign lands study trade conditions, put their carefully-gathered information at our service, and stand ready to aid any American citizens in those countries who may be in need of their assistance. Protective tariffs are laid on foreign-made goods, in order that they may not compete too cheaply with American-made goods of the same type and drive the latter out of the market. Lighthouses are built; beacons and buoys are placed to show the channels; canals are dug; rivers and harbors are dredged; levees are constructed; roads are made; bridges and wharves are built—all that we may carry on our commerce more readily than would be possible without government assistance.

Our everyday lives are made more comfortable by the services which the government is able to render us. If we have planted crops and there is danger of drought or rain, or if we want to go on a pleasure excursion and are not sure whether we ought to take a raincoat or an umbrella, or if we plan to fly across the Atlantic or Pacific oceans, the Weather Bureau lets us know in advance what the weather is likely to be, and we can take advantage of our foreknowledge. We get our water in many places without the necessity of pumping it or drawing it up in a bucket, thanks to the local government which pipes water for us from some lake or stream. We have the advantage of sewage and waste disposal, and of clean streets, because the local government looks after such things in a fashion which would be utterly impossible for us as individuals, and which would be less satisfactorily provided for by a voluntary group organized for that purpose. In some towns and cities we owe it to our local government that we have gas and electric lights in place of the less convenient candles and kerosene lamps, and that we can use gas ranges in place of wood or coal stoves.

Conservation of natural resources. The government looks out not only for its present citizens, but for those who shall come after us. It is hard for us who have lived

in a land of great natural resources to remember that such resources are not unlimited. As a nation we are too much in the habit of taking what we need in the present and forgetting that there is such a thing as a future. We waste coal by careless consumption, or by careless methods of mining. We waste our forests by careless lumbering; and



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BEHIND THE SCENERY

by thus laying bare our great watersheds we increase the danger of devastating floods. For sport we kill off the birds and other animals until whole species have become extinct.

The government knows that most of us are heedless of the welfare of others largely because we are ignorant and do not stop to think, rather than because we are completely selfish. But it knows also that rules and regulations are

necessary to make us think about such things. Now that we are faced with a vanishing coal pile the government suggests better methods of mining. It cautions the users of coal against inefficient methods of burning it, and it looks for the time when a better use of water power will lessen the pressure on our coal supply. It objects to letting the coal fields which are still owned by the government, as those in Alaska, fall into the hands of individuals who will mine them with an eye to immediate profit instead of an interest in the future welfare of the whole country and of posterity. And there is always in the background the dim shadow of possible government ownership of the coal mines as a check against too great indifference to public needs on the part of the coal companies.

Lumbering has been characterized by great waste. Little thought has been given to the saving of trees that are not yet ripe for cutting. The branches and twigs, as well as the smaller trees that are broken off as the monarchs of the forest topple over, have been left in a confused tangle of slash. This has made the spread of a forest fire an easy and rapid thing, so that vast areas of uncut timber fall a prey to the devouring flames. The moisture that has been held by the tree roots, and allowed to seep slowly to the brooks and streams, rushes down rapidly within a few hours of a rain and joins other little freshets to make of the larger river a destroying flood. The soil made from the slow decaying of the vegetable matter beneath the trees has been washed away, and its productive fertility lost. Yet at the same time the consumption of forest products has been growing with great rapidity. The consumption of paper products, as well as of lumber in all forms, has made increasing demands upon a diminishing supply.

But when the government took a hand it reserved to itself vast tracts of forested land which were to provide the wood for the future and safeguard the headwaters of the rivers. Lookouts were built for fire detection and trained

forest rangers placed in charge of forest areas, to prevent or check fires and to see that unlawful use was not made of government-owned land. The government does not refuse to cut trees on its land, but it cuts only such timber as is ready for cutting. It is careful in felling the trees not to destroy the young growth and the smaller trees, and it sees to it that the slash is piled in neat heaps which are not readily kindled. Still further, it *reforests* areas—that is, it plants new trees where they are needed to take the place of the old ones which have been cut; and has even begun to replace trees on land that has been cut over and ruined by private enterprise, especially where such timber is needed to protect the headwaters of rivers.

In like manner the State and local governments are beginning to realize the need for the conservation of water power and are less ready to hand over sources of water power to the first or the richest bidder. The State governments have passed fish and game laws to prevent the taking of fish and game in certain seasons, and have restocked localities with these animal resources to prevent their extermination. Through the Migratory Bird Act (the federal government must keep its hands off any matter which concerns a single State) the federal government has taken action to preserve the birds during their migration from one part of the country to another.

Conservation of human resources. But after all, the most important resource which our government takes action to preserve is not any sort of a material resource, but the human life and ability which the citizens of this country can furnish. The government opposes child labor not alone because it feels that the child is entitled to a childhood which will allow him to grow up normally and happily, but because it realizes that if it wastes energy in childhood, less energy can be released by the same individual when he has reached maturity, and the country will be so much the poorer. In some cases, it may even have to pay the price

of supporting such individuals at public charge. In the same way the government is concerned with proper work, proper hours, and proper conditions for its working women, since the next generation must depend in great degree upon its mothers. So, too, with accidents, in industry and elsewhere, the country realizes that the loss is not only to the individual, but to the group as well. If the best interests of us all are to be served, the welfare of each individual must be safeguarded.

HOW THE GOVERNMENT HELPS US TO WORK TOGETHER

1. By what two means can men be held together? Which do you think is preferable? Why?

2. What was the earliest type of government? What qualities did a leader have to have in order to be able to hold the rule? Do any of these qualities make for leadership in your own crowd?

3. What were the chief powers of the absolute monarch? How do they compare with the duties of the President of the United States? with those of the King of England?

4. In what way were the people better off with a ruler than without one, even if he was not very considerate of them?

5. How did the nobility limit the power of the king? In what ways was a limited monarchy an improvement over an absolute monarchy? Have we any limited monarchies today? Where?

6. How did the changes in government affect the condition of the lower classes?

7. What is meant by a *tyrant*? How does the present meaning of the word differ from its earlier meaning? Why?

8. What conditions generally produce the tyrant? Look up Pisistratus of Athens; Napoleon Bonaparte.

9. Why was a tyranny generally followed by the establishment of a democracy instead of by a return to oligarchy? Do you know of any cases where a democracy was not established?

10. What advantages does a democracy have over the foregoing types of government? What are the chief dangers of a democracy?

11. How does direct democracy differ from a republic? Why is direct democracy impossible in the United States?

12. To which type of representative democracy would the United States of America belong? the Confederate States at the time of the Civil War? the Swiss Republic? the French Republic?

13. Are there any class distinctions in America which prevent real democracy here?

14. Look up *filibuster* in the glossary. How might such a procedure prevent the government's helping coöperation as much as it could? Are there any cases in which filibustering might be a good thing?

15. Make a list of the steps through which government has passed, comparing them as to: power in the hands of whom, and proportion of the people represented.

16. Why do we need rules and regulations even if we intend to treat everyone fairly?

17. Make a list of regulations which your local government imposes merely to prevent confusion.

18. Look up *eminent domain* in the glossary. How does the exercise of this right often help the government to help us in coöperating?

19. What rights were forbidden to the separate States by the Constitution of the United States? Why?

20. What are some of the powers that are reserved to the federal government? What powers in similar lines are left to the States? to the people?

21. Why would nation-wide standards of quality as well as of weights and measures be advantageous to us? Why do we not have them?

22. What is the highest law of the land? List in order the types of law under which you live. In case these conflict, which are we supposed to obey? What would happen if all were of equal importance?

23. Where is the dispute settled if there is a dispute over the constitutionality of a national law?

24. Find out the method of choice, number, term of office, and duties of the Justices of the Supreme Court.

25. How is interstate transportation regulated? What troubles might arise if there were no Interstate Commerce Commission? What limits are there to the authority of this body?

26. Have a debate on the question of government ownership of railways.

27. What does the government do for us which it would be impossible, or difficult, for us to do for ourselves?

CHAPTER XVI

HOW WE HELP OUR GOVERNMENT FINANCIALLY

The cost of our government. If for every twenty seconds since the beginning of the Christian era a gold dollar should be set aside, the whole amount up to the present moment would not pay the expenses of the government of the United States of America for one year. A dollar for every five seconds would not be sufficient to settle our present national debt. Approximately four billion dollars annual expenditure, including the interest on a \$20,000,000,000 debt, represents the national requirement; and if we should include \$1,500,000,000 for the needs of the various States, \$2,500,000,000 for the larger cities, and another \$1,000,000,000 for those of the various counties, towns, small cities, and boroughs, we should discover that the people of the United States must find each year the staggering total of \$9,000,000,000.

REVENUES AND EXPENDITURES OF FEDERAL, STATE, AND
CITY GOVERNMENT

	REVENUES	EXPENDITURES
Federal, 1926 ¹	\$3,963,000,000	\$3,585,000,000
State, 1926 ²	1,655,495,000	1,126,180,000
Cities of more than 30,000, 1925 ³	2,508,924,366	2,911,990,960
Counties, smaller cities and local units (estimated)....	1,000,000,000	1,000,000,000
TOTAL	\$9,127,419,366	\$8,623,170,960

¹The *Commerce Year Book*, 1926. U. S. Government Printing Office, p. 663.

²The *World Almanac*, 1928, pp. 284-285.

³Financial statistics of cities having a population of over 30,000, in 1925 U. S. Government Printing Office, 1927, pp. 148 and 168.

Payment of salaries. Where does it all go? First of all there is the interest on the debt, as we have said. Then the President of the United States must receive his salary; so must the Vice-President, the ninety-six Senators, the 435 Representatives, the ten Cabinet members, and all the other federal officials from the Judges of the Supreme Court to fourth-class postmasters. The men in the army and navy must be paid. The governors of the States, the State legislators and all their subordinates, the mayors of the cities, the selectmen of the towns, even the local dog catchers and pound keepers which still persist in the New England towns, to say nothing of the more familiar policemen, firemen, clerks, and street sweepers, and unskilled laborers—all these must be paid salaries from the public purse. Pensions of various sorts must also be paid.

Other expenses. In addition, whenever there is need of a new battleship, or a new post office, or the dredging of a harbor, or the replacement of a buoy to mark a channel, the money must be paid from the national treasury. If a State or county road needs repairing, or a bridge must be built, or a city or town street must be repaved, once more the people must pay the bills. The government must have its officials, the necessary buildings, its transportation facilities; and we, the people who receive the benefits, are the ones who must pay for them.

Some ways of raising the money. As is the case with an individual, the government does not find that money comes as the result of the mere wish to have it. Ways and means must be provided for raising it, as well as for overseeing the methods of expending it. In the days when the country was being opened up, the national government received money from the sale of its public lands. Now so little land is available, and so much of what might be homesteaded is so undesirable, that very few of the government expenses could be paid by money from that source. Some of the cities and towns occasionally sell land which they find they

no longer need, or receive money for the rent of such property or of mines or water-power sites. City-owned gas works or waterworks produce revenue. Licenses, as for street trading, and fees for such services as the recording of deeds produce more. Special assessments for the opening of a new street, the digging of a sewer, or the laying of a pavement pay a part of these particular expenses. No government, however, could ever meet its expenses if it relied solely upon these methods of raising money.

Taxation. The simplest way for the government to obtain money is, of course, taxation. All that a government needs to do, it would appear, is to state that the people must pay certain amounts and then rest in comfort while the money pours in; but unfortunately we are not so constituted that we enjoy handing over a portion of our income unless it is in exchange for some definite thing which we may happen, individually, to want. Taxes, on the contrary, are compulsory, and are levied with no reference to some particular service rendered. We are not asked as individuals whether we are desirous of having police protection, or good streets, or the safeguarding of our health. We are given them and charged our proportionate share.

Moreover, in history the idea of taxation was so much connected with the principle of arbitrary rule by a monarch or an unfeeling aristocracy that most people have inherited a dislike for taxation. So strongly did our own ancestors feel about this question that the ship of state was nearly wrecked before the drawing up of our great Constitution, because the earlier Articles of Confederation failed to grant to the national government the power to levy taxes. Consequently, so far as possible, taxes must be imposed in such a way that we hardly realize that we are being taxed.

Direct and indirect taxation. Whenever the rate of taxation for the new year is announced, both for real property (land) and for personal property, people discuss

very actively the question of the assessment—especially if the rate has been raised. That form of taxation is direct, and they feel every bit of it. So too with the *poll*, or head, tax imposed on voters in many States. But people do not always realize that every time they pay the rent of a house, or buy a few yards of imported wool goods, or purchase a pound of oleomargarine they are undoubtedly paying a tax. If they do not own the house and let someone else do, and that



Drawn by Blumenthal

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OH, THE POOR RICH!

tax is included in the rent which the owner feels he is entitled to receive. The seller of oleomargarine must pay what we call an *excise tax*, and he will figure that in the cost of the oleomargarine. The importer of the woolen goods will have had to pay *duty* on the material when he brought it through the customhouse, and the price of it will be proportionally raised. Not only that, but in States where corporations must pay a corporation tax (a certain proportion of their earnings) this will find its way into the final cost of the

goods. And no one knows just how much of the income tax, State or national, is really paid by those who buy commodities.

The power to destroy. The power to tax is not only the power to raise money, but, as well, the power to destroy by taxation. Ordinarily no tax is intentionally imposed which will prove to be so high that the people cannot carry on business. If the tax on oleomargarine, for example, should be raised to fifty cents a pound, the oleomargarine manufacturers would have to go out of business, for with their product at that price they could not hope to compete with the producers of lard and butter. If the tax on corporations should be raised too high, corporations could not carry on business, and that form of business organization would pass out of existence.

But while in general the taxes imposed are low enough to keep from interfering with the normal conduct of business, sometimes the government feels that for the general welfare of the people certain types of business should be taxed out of existence. The use of opium is a bad habit for a people to adopt. So, while Congress does not prohibit the importation of this article, it imposes a tax of three hundred dollars a pound and in consequence has largely destroyed the trade. When the makers of white and yellow phosphorus matches were not kept from such manufacture by the knowledge of the danger of loss of teeth or decay of the jawbones of their employees, the government taxed such matches two cents a hundred. Since the selling price for other matches was only a cent a hundred, the manufacturers were unable to meet such competition. Since by the Constitution the federal government was prevented from interfering with child labor within the several States, it tried to check the use of such labor in the manufacture of articles which were sent from one State to another. Consequently Congress lowered the chance for profit on such goods by imposing a tax on products of child labor carried from one State to another until they

were stopped by a decision of the Supreme Court which declared such action unconstitutional.¹

Bond issues. The power of the national government to tax is unlimited—unlike that of the State and local governments, whose maximum is fixed by State constitutions and State laws. But when the government finds that some of



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THE TOWER OF BABEL—THE SKY'S THE LIMIT

its expenses are to benefit the people for many years, it feels that in fairness the expense should be distributed among the people who expect to profit. Participation in the World War, by saving the United States from the threatened German domination, will be fully as important

¹ More recently an attempt was made to give Congress the power to limit, regulate, or prohibit the labor of children up to the age of eighteen, but the proposed amendment was not passed by a sufficient number of states.

to succeeding generations as to those who were forced to bear the brunt of it. Hence the government, instead of raising entirely by taxation, all the billions that were necessary, resorted to another method—that of borrowing. Liberty Bonds and, when victory was assured, Victory Bonds were issued. Many people bought them and received a rate of interest higher than is common for government bonds. They were helping the government and at the same time passing on the debt to those who should come after them.

Sometimes we forget that the issuing of bonds does not take the place of taxation, but merely postpones it. It is easy to get money by bond issues, since so long as the credit of the government is good we are sure of our money back when the bond matures. As a result there is a danger of overborrowing. Any man in business knows that it is wise to borrow for permanent improvements but unwise to borrow to meet current expenses. So it is with the government. But sometimes the men in Congress who pass the laws which authorize the government to issue bonds are much more interested in lightening the tax burdens of the present citizens than they are of being fair to future citizens. It is the present citizens whose votes will count for or against them in the next election.

Temporary borrowing. Sometimes the government needs money only for a short time. There is money enough which will be due in less than a year, but it needs the funds at once. Then the authorities resort to the issue of short-term treasury notes running a year or less, bearing interest, and sold to the banks, who resell to other investors. When the expected money is received the notes are paid off.

Control of our national finances. Since the government has so much money to spend, considerable care needs to be taken in the spending of it. In the very beginning of our government, under the Constitution the control of the finances was in the hands of the Secretary of the Treasury. Then it was shifted to the control of the Congressional



Drawn by Talburt

Courtesy Washington Daily News

ISN'T IT ABOUT TIME WE BROKE UP THEIR LITTLE GAME?

committee on Ways and Means, and thence to the Committee on Appropriations. Then it was spread among several committees, then sent back to an enlarged Committee on Appropriations.

But none of these methods seemed completely satisfactory. The various committee members were not always inspired by an unselfish patriotism. Special interests maintained lobbies at Washington, whose particular business it was to

see that legislation favorable to them was passed and that the taxes imposed were reduced to the minimum. Various members of Congress indulged in the gentle art of *logrolling*. Congressman Smith would agree to help Congressman Jones to pass a certain law on condition that the latter would favor certain legislation in which Smith was especially interested. Continual advantage was taken of the *pork barrel*, Congress-



Courtesy Thomas and the Detroit News

THE GREAT MORAL STRUGGLE

men and Senators vying with one another to see which could secure the passage of laws that would result in the government spending money which would do their constituents some good—a second-class post office erected in Basswood Corners, perhaps, in place of the fourth-class post office which the size of the community would have warranted. Some of the members of the national legislature even went so far as to build their campaigns upon what they had

gained for their section from the national revenues. And the people of each section seemed to have little objection to the pork barrel so long as their own Congressman succeeded in "bringing home the bacon."

The budget. In 1921, however, an attempt was made to do away with as much of the leakage as possible. The United States determined to take up the budget idea, under which a trained budget director and his assistant might receive from each department and commission the estimate of its requirements for the ensuing year, and then appropriations were to be made upon the basis of their decisions. Major-General Charles G. Dawes was our first budget director, and the savings he made showed very clearly the value of such a method. Continued use has produced still further decreases in government expenditure. The general idea of the budget is that the necessary expenses should be estimated and that ways and means should then be found to raise the money. It is opposed to the idea that money should first be raised and ways and means then be found for spending it.

Four years ago we closed the fiscal year with expenditures totaling \$5,538,000,000, which included payments under the sinking fund and other public-debt retirements chargeable to ordinary receipts. This year we closed our fiscal affairs on June 30 last, with expenditures aggregating \$3,529,000,000. The reduction over the period is slightly more than \$2,000,000,000.

The gross public debt on June 30, 1921, was \$23,976,000,000, and on June 30 of this year the amount had been reduced to \$20,516,000,000—a cut over the four years of \$3,460,000,000. Accompanying this retirement of a large portion of our public debt has come a gratifying decline in the amount of interest which we have had to pay annually, the expenditure for that purpose dropping from \$997,000,000 in 1921, to \$882,000,000 in 1925—less by \$115,000,000.¹

¹ Congressman M. B. Madden in *Saturday Evening Post*, November 7, 1925.

ORDINARY RECEIPTS AND EXPENDITURES CHARGEABLE AGAINST THEM

In Millions of Dollars. Figures are on the Basis of Warrants Issued (Net)

YEARLY AVERAGE OR YEAR ENDED JUNE 30	ORDINARY RECEIPTS					EXPENDITURES CHARGEABLE AGAINST ORDINARY RECEIPTS				SURPLUS (+) or DEFICIT (-) ¹
	Total	Cus-toms	Income and profits tax	Miscel-laneous internal revenue	All other	Total	Interest on the public debt	Public debt retire-ments	All other	
1918.....	4,180	183	2,839	857	302	13,792	198	...	13,594	-9,611
1919.....	4,654	183	2,601	1,239	631	18,952	616	...	18,336	-14,298
1920.....	6,704	324	3,957	1,442	982	6,142	1,024	...	5,118	+563
1921.....	5,585	308	3,228	1,352	697	4,891	997	423	3,472	+693
1922.....	4,104	358	2,087	1,121	538	3,618	989	422	2,206	+486
1923.....	3,847	562	1,691	936	653	3,648	1,055	403	2,190	+199
1924.....	3,884	545	1,842	953	545	3,404	939	458	2,008	+480
1925.....	3,608	549	1,762	828	470	2,931	882	467	1,582 ²	+677
1926.....	3,908	580	1,974	863	492	3,518	831	487	2,199	+391

No money is to be paid out of the Treasury unless it is authorized by an act of Congress. It is paid by the Treasury upon the presentation of a warrant drawn by the Secretary of the Treasury, and approved by the Comptroller-General. The reserve is kept in the Treasury at Washington, in Federal Reserve banks, in Federal Farm Loan banks, and in State banks, under the direction of the Secretary of the Treasury.

Suggested methods of tax reform. Many reformers have felt that our national methods of raising money were not adequate; that they have borne more heavily upon the poor than upon the rich; that they were not levied at the time and in the manner which was most convenient; that they took more than was necessary out of the pockets of the taxpayers above what was actually needed to pay expenses. And most such reformers have advocated some panacea, some cure-all, which they felt would establish taxation upon a more nearly just and more satisfactory basis. Henry George, for example, developed the idea of the *single tax*. He felt that those who received rent³ from land created

¹ Apparent discrepancies are due to omitting of millions.

² From *Commerce Year Book*, 1926, U. S. Government Printing Office, p 664.

³ See Glossary for economic definition of Rent.

nothing in return for the money which they received, and that any increase in the value of the land was due far more to society than it was to the owner of the land. Moreover, people sometimes held land merely for speculation, in hope of a rise in price, and failed to develop it; and this kept the land from being productive. His idea was to have



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STILL SOAKING THE RICH

no tax imposed save that on land, to "appropriate rent by taxation," and to leave all other methods of taxation untouched.

More recently some people have been advising a sales tax—a certain percentage of each business transaction. This method would undoubtedly raise revenue; but it

might very easily, as is usual in indirect taxation, pass on the entire burden to our old friend the ultimate consumer, the one who finally pays for and uses the goods.

Tax exempt securities. There is one more method of reform suggested which might improve matters, and in regard to which there has been much agitation recently. According to the Constitution all bonds issued by States, counties, and cities and other municipalities are exempt from federal taxation. Since the Sixteenth Amendment allowed the federal government to impose a national income tax, many people who have large incomes invested their money in such State or local bonds, and have thus been free from the payment of a federal tax on the income from such securities. Since the amount to be raised for national purposes remains the same, the burden falls more heavily upon the profit from productive industries and upon salaries—to say nothing of the usual final resting place of indirect taxes. Nothing short of an amendment to the Constitution can change such a condition, and make an adjustment which all except those who themselves profit by the present state of affairs would consider to be exceedingly desirable.

Our obligation. “Tax dodging” often seems to be a popular sport. We are willing to accept the benefits which the government provides for us, but we sometimes seem unwilling to pay our share in return. We feel that a man who intentionally cheats his grocer, his milkman, or his butcher out of money which he owes him is lacking in a sense of honor. Yet when a man comes to the door to ask us the value of our house the answer will depend largely upon whether our visitor is an assessor or a prospective buyer. A woman may be scrupulously honest in her dealings with her associates, yet frequently she is not above concealing about her person certain dutiable articles when she passes through customs on her return from a trip abroad. The fact that government is impersonal in much of its contact with us, does not relieve us of our respon-



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WHEN WILL HE BEGIN TO DEFEND HIMSELF?

sibility to treat it with at least as much fairness as we treat those with whom we come in daily business contact.

Then, too, we can see to it that others do their part. Lobbying can be checked; logrolling and digging into the pork barrel can be made more unpopular. An awakened public conscience would do much toward making it undesirable for our national legislators to continue to indulge in the money grabbing for their districts to which some of them are addicted. But we must always remember that if we ourselves are unwilling to refuse to take unfair advantage we cannot expect that our neighbor will do otherwise.

HOW WE CAN HELP OUR GOVERNMENT FINANCIALLY

1. What would happen if the government no longer received money from taxes?

2. Find out the population of the United States of America. How much must be paid to the government a year for each man, woman, and child in the country?

3. What would be the per capita share of the national debt? Is it greater or less than before the World War?

4. Make a list of all the ways in which the government spends the money it collects. How many of these things could you do as well for yourself?

5. List the sources from which the United States gets its money. Can you find out where the money spent by your city or town comes from?

6. What is meant by *homesteading* land? Why does not the government get as much money from this source as it formerly did?

7. In what way does paying taxes differ from other ways of spending our money? Which way do we prefer to spend our money? Why?

8. Why cannot the government lay a tax on articles which are sold in the State in which they are made?

9. Why do people object less strenuously to indirect than to direct taxation? Which method would take the least out of the pockets of the people in the long run? Why?

10. What is meant by saying that "the power to tax is the power to destroy"? Give examples.

11. Make a list of all the types of taxation by which our government collects money. Make a chart to show the proportion which comes from each source.

12. To what methods of borrowing does our government resort? Explain fully. Would it be better to tax than to borrow?

13. Can you find out how much was raised by Liberty and Victory Bonds? Why is such a method of raising money fairer than direct taxation would have been in this case?

14. What is meant by *tax-exempt* securities? How could the federal government prevent such tax exemption? Why does it not do so?

15. What is meant by a *budget*? Why would a budget tend to reduce the national expenses?

16. Is lobbying justifiable under any circumstances? Explain.

17. Where must all the bills for the raising of revenue originate? Where did the United States get this idea? Is it a good one? Why?

18. What is meant by *logrolling* and the *pork barrel*? How may these interfere with the economical administration of the government?

19. Where are the national funds kept? How may they be disbursed? Look up the Panic of 1837 and find out how it was connected with the federal funds.

20. What methods of tax reform have been suggested? Mention the advantages and disadvantages of each.

21. Look up all you can find about Henry George's single-tax idea. What arguments for or against it can you find?

22. How does the taxation of industrial bonds (together with the tax exemption of State and municipal bonds) affect the normal growth of industry?

23. Work out the steps by which a constitutional amendment might be made forbidding the issuing of tax-exempt securities. Why, under the Constitution, may not the government tax such securities?

24. What is meant by a *sales tax*? What arguments for and against it can you see?

25. Is it anything to be proud of to be able to boast that you brought goods into this country without the payment of the customs duties? Explain.

26. Do you think that a smuggler is any more honest than a thief? Explain.

27. What can you do personally to make the administration of the financial affairs of the government more efficient?

CHAPTER XVII

WHY WE HAVE SOCIAL MISFITS

Social misfits. Have you ever tried to put together a picture puzzle only to find that there were several pieces which, on account of their shape or size, did not seem to fit anywhere and yet it was utterly impossible to complete the picture until the proper place was found for them? Human society in these days of interdependence is very much like that. We cannot have social harmony while there are hundreds of thousands of people who are not in their right places.

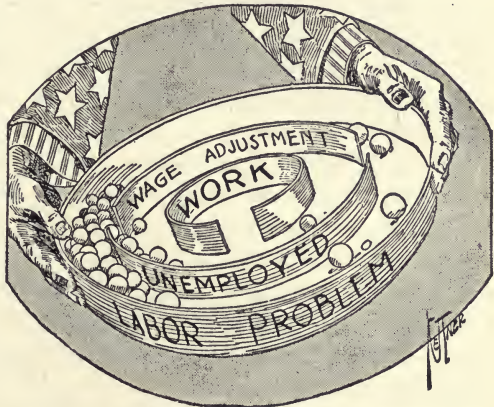
It has been said that all the poverty in the world is due to "two young ladies, Miss Fortune and Miss Management." Perhaps some individuals from their birth lacked a "sufficient mentality to look after their affairs with ordinary prudence." That is, they were feeble-minded: morons (adults with the minds of children from eight to twelve years), imbeciles (with a mentality of from two to eight), or idiots (with no more mind than children of two years). Perhaps some of them were insane. Perhaps some were born blind, or deaf, or crippled, or became so through some sickness or accident. Perhaps there was sickness, intemperance, or vice in the homes in which they lived, and as a result they were underfed or poorly brought up or could not get sufficient sleep, and so were unable to care for themselves as they should.

Faulty environment. But not all the misfits are those who are out of the picture because of any weakness which lies within themselves or even in poor family surroundings. Sometimes their misfortune is due to society. Just as society expects every person to follow that line of specializa-

tion which will enable him to be of the greatest service to society as a whole, so it is the duty of society to see that so far as possible people receive their rightful return for the service which they render. Perhaps a worker is underpaid because his employer takes advantage of the law of supply and demand to push wages below the point at which he can keep up normal health and efficiency. Such a worker and his family cannot fit satisfactorily into the social group. They are apt to become a part of what is known as the *submerged tenth*—that proportion of the population which is below the line of a decent subsistence. Unfortunately, these may descend lower, to get at society's expense, as paupers or criminals, the living which is denied them as productive workers.

Unemployment. Perhaps a man who is willing to work cannot get a job in spite of the greatest

effort on his part. Perhaps his work is what we call *seasonal* work, like harvesting or lumbering, which would keep him busy only at certain seasons of the year. Perhaps he was "laid off" from a job which he had held for several years, and because of business depression he was prevented from getting work in other lines which were equally hard hit. Perhaps the training which had been offered him at school had not been such that it prepared him to hold the positions for which he was naturally suited; or he may have been denied the education which the schools offered. Perhaps labor troubles, strikes, or lockouts were responsible



Drawn by Kettner

Courtesy The American Banker
PUZZLED

for his lack of employment, or a change of location of his particular trade left him without a job, or an invention gave over to machinery the work for which he had been trained. Perhaps he had passed middle age and found, when he lost his job, that industry wants the young worker. Perhaps his job had been taken from him and given to some newly arrived immigrant who was willing to work for lower wages than he himself would accept.

Perhaps prices were too high for the wages he received, these high prices being due to the inevitable law of supply and demand, or to unscrupulous profiteering made possible through the holding of contracts or franchises dishonestly obtained. Perhaps as a child he was employed at work too heavy for him and so was too worn out to work at an age when he should have been at the height of his powers. Perhaps work in unsanitary factories had undermined his health, or unprotected machinery crippled him. Perhaps he had acquired lead poisoning from smelting lead, or lung disease from work on the first stages of cotton or woolen manufacturing. Perhaps he had worked at *piecework* and was so speeded up by the necessity of making a decent living that by middle age he was unable to work at even a moderate rate.

Personal weakness. The failure to adjust oneself to the world about one may frequently be traced to mismanagement. A man may waste in intemperance and vice the energy which ought to be expended in productive labor. Indolence, quarrelsomeness, or shiftlessness may be responsible for his failure to earn a fair salary. A family may really receive enough money to support it, but may not know how to spend it wisely. One social worker told of a family whose members received money enough to keep them in comparative comfort; but the first of the month they spent all their money on expensive dinners and on going to the theater and to the motion pictures, with the result that by the end of the month they appealed regularly

for charitable aid. After they had been taught the value of a budget they became a self-supporting family.

Unthinking efforts at relief. There was a time in the history of mankind when there were not enough of the material things of life to go round, when it seemed inevitable that some people would have to remain poor; but in this day and generation, and especially in this country, we are no longer living under such conditions. There is enough for all, provided only that the division be properly made. In consequence, we can no longer feel that our duty to the poor has been performed when we graciously dole out a dime or a quarter to a beggar who stretches out his hand for it. That was an easy way to discharge our social obligations, and gave us a very comfortable sense of our own importance and kindness. And we probably went on our way serenely unconscious of the fact that the man to whom we had given of our abundance did not need the money nearly so much as some others whose pride had kept them from begging. A story is told of a young college student who as part of his initiation into a fraternity was stationed near a theater in one of our big cities. He wore dark glasses and carried a sign, "Please help me! I am the father of 2,000 children." In less than twenty minutes \$2.40 had been dropped into the tin cup in his outstretched hand. Thoughtless giving will never solve the question of poverty. In fact, unwise giving is more often a cause of poverty than a cure for it, and helps to keep the poor "always with us."

The criminal. But even greater than the problem of the poor is the problem of the criminal. Crimes are wrongful acts, or omissions to act, that are so harmful to society that society has made them punishable by law. There are various reasons why people commit crimes. Sometimes it is due to their physical surroundings. We all know that when it is summer and the weather is hot we become irritable and lose our tempers more quickly

than we do when the temperature is low. So it is not surprising that *crimes against person* (such as murder, manslaughter, and assault and battery) are more common in southern countries than in northern ones, and that such crimes are more frequent in the summer time than in the cooler seasons of the year. What is more, the immigrants who have come to us from the warmer climes are responsible for more of such crimes than are those who come from cooler countries, even if they happen now to live in the same section of the same city. Similarly, *crimes against property* (theft, larceny, etc.) are more common in the northern countries than in the southern and more frequent in winter than in summer; for it is in cooler latitudes and colder temperatures that shelter and warm clothing are more necessary, and food is harder to obtain.

But we cannot blame climate for all the crime, for in every climate some people are criminals and some are not. Sometimes crimes come as a result of weakness in the individual. They may be due to *insanity*, permanent or momentary. Some people who are not insane seem to be born with criminal tendencies. They seem from very childhood to want to do the sort of things that make them very undesirable people to live with. These people are known as *born*, or *instinctive*, *criminals*. Sometimes people who are usually fine citizens feel that they or their families have been wronged, and take the law into their own hands. Probably they never have committed and never would commit another crime. Consequently they are called *occasional criminals*. Sometimes people commit crimes because they wonder if they are smart enough to "get away with it." And if they are successful in one such effort they frequently keep on to see how far they really can go. These are what may be called *experimental criminals*, who may very soon "graduate" into *habitual criminals*, who are continually committing crimes, or *professional criminals*, who make their living by their crimes.

Society's responsibility for crime. Some of the reasons for crime are social. Many times a boy's early training in crime comes from his association with a "gang." When a crowd of boys get together they are very apt to do things which individually they would never think of. One thing leads to another, and before they realize it they have broken some law. There is such a thing as emulation in wrongdoing as well as in doing right. Even if some of the boys have done nothing wrong themselves, they are generally judged, like old dog Tray, by the company they keep. If boys like this are arrested and sent to jail they may come in contact with hardened criminals, and when they are released they may put to use the knowledge they have acquired.

Poverty is often the cause of crime. Not all poor people are criminals, by any means. Most of them would rather starve than sacrifice their honesty for their existence. But undoubtedly many people who would be honest enough if they had sufficient food, shelter, and clothing fall into crime when these necessities can apparently be obtained in no other way. Moreover, if they feel that their poverty is due to no fault of their own, they justify their theft or other dishonesty by telling themselves that society owes them a living and if they cannot get it by fair means they must take it by foul. Unfortunately, a man or woman who has compromised his honesty once does not hesitate so long the second time.

Society is responsible for crime, too, when it permits people to herd together in crowded tenements, with poor ventilation and poor sanitation, and without the privacy that each one of us needs at one time or another. It is not surprising that children play on the streets when they have no yards or playrooms in which to play; and if they there come in contact with older people of criminal tendencies it is not long before some of them, too, take up careers of crime.

The publication in the daily papers of all the details of murders and other crimes suggests ideas to the minds of many people who would not often think of such things if they had not read them in print. And such ideas may bring forth similar crimes as a result. There is no doubt but every thought we think has its effect upon our lives and actions, and there would undoubtedly be fewer crimes if less space were given to such details in the daily press.

Then, too, the uncertainty of punishment is responsible in part for the increase of crime. Most of us are unwilling to attempt any act for which we are certain to pay the penalty. But when there is a fair chance of evading it, making such an attempt has much the same thrill that comes from skating on thin ice. The crimes which are brought up in the courts are only a very small proportion of the actual infractions of the law. This is especially true in the case of *misdemeanors*, the less serious crimes, which in many cases are not wrong in themselves, but, like speeding in an automobile, are prohibited because of the danger to others. (The more serious crimes such as murder, manslaughter, burglary, and grand larceny are known as *felonies*.) "Arrest and conviction are largely due to accidental causes such as weak heads, warm hearts, quick temper, ignorance, foolishness, or drunkenness"; and it is usually "the stupid, the unfortunate, and the unskilful who are caught."¹ "The man who deliberately violates the law by doing that which he knows to be wrong is a real criminal, whether he be a housebreaker, an adulterator of drugs, the receiver of a fraudulent assignment or a trade-mark thief, an insurance 'grafter,' a bribe giver, or a butcher who charges the cook's commission against next Sunday's delivery."² But in every society there are elements which tolerate and even admire a man who has successfully got around the law instead of really keeping it—especially if he has made money by it.

¹Train, *The Prisoner at the Bar*, p. 4.

² *Ibid.*, p. 92.

It has been said that any group has as many criminals as it deserves. This does not mean that there would be no crime at all in a society where affairs were carried on as they should be. We should, of course, be likely to have with us criminals who were such on account of their personal weakness, and climate would still be likely to have some effect. But we could largely do away with the criminals for which society is responsible. The personal selfishness of one person frequently causes crimes among others. The employer who underpays his workers and keeps them in poverty is indirectly responsible for their attempt to wrest a living from society in illegal ways. The business man who takes an unfair, if not actually illegal, advantage of his business competitor is indirectly to blame when the latter in his turn breaks the spirit or the letter of the law, for we are all prone to do as we have been done by. No better than these others is the lawyer who either helps his client to get around the law or finds ways by which punishment can be escaped when the law has been broken. And in the same class should be put those government officials who wink at the infraction of the laws for the sake of friendship with the lawbreaker or for a money consideration.

Lack of respect for law. "The cause for crime is our general and widespread lack of respect for the law, and this in turn is largely due to the unpunished, and unpunishable, dishonesty which seems to permeate many phases of commercial (as well as political) activity."¹ Most of us approve of the law which safeguards ourselves and our property and feel that the government should see that that particular law is strictly obeyed by all people. But if a law does not directly concern us in any way we are indifferent to its enforcement. If it interferes with our doing what we want to do, too many of us feel justified in breaking it. No doubt occasionally laws are passed which are unfair, at least in some cases; but so long as a law is on the statute

¹ Train, *The Prisoner at the Bar*, p. 30.

books it should be obeyed—unless it is deliberately and openly broken so that a “test case” may be made of it in order to determine whether the law is constitutional or not. For if we feel justified in breaking a law because it is con-



Courtesy Omaha World-Herald

THE FLAME THAT GROWS MURKY

venient for us to do so, we should have no objection to our neighbor doing the same, even if it happens to result in the loss of our property or even our death. We may, and should, bend every effort to bring about the repeal of a law which we think is wrong or undesirable, but we should

never disregard it. The whole problem of crime really grows out of a selfish willingness to better oneself at the expense of one's neighbor, and an unwillingness to be satisfied with a fair return for service rendered.

We all know how little use we have for a boy or girl who is not a "good sport" in the school games, who wants victory at any cost. We have much more respect for the one who would rather go down in defeat than take a victory which is not fairly earned. We should hold the same feeling about the "game of life." When the ideal of good sportsmanship has become the ideal of all men and women in all walks of life the problem of poverty and of crime will no longer loom large upon our horizon.

WHY WE HAVE SOCIAL MISFITS

1. Can you think of any people of your acquaintance who have failed to fit into the social group? Was their failure due to misfortune or to mismanagement?

2. List all the misfortunes you can think of which might be responsible for poverty or crime.

3. List all the kinds of mismanagement you can think of which might be responsible for the same two evils.

4. How many beggars have you seen on the street during the past week? What were their excuses for begging? Have you seen any people similarly handicapped who were able to make a living for themselves?

5. Do you know any people who are at present out of work? Do you know any reasons for their unemployment?

6. In what two ways does lack of social adjustment show itself?

7. How do you account for the fact that a century or two ago there was proportionately less money to be divided among people?

8. Make a list of crimes which are "evil in themselves."

9. Make another list of acts which are forbidden only because they would interfere with the safety or comfort of others.

10. What is the effect of temperature upon the class of crimes committed? Have you ever seen in yourself an increase in irritability in hot weather?

11. List the various classes of criminals. Which could be diverted from crime by the improvement of the environment? Which would not be likely to profit by such improvement?

12. Have you ever done any wrong act and persuaded yourself that you were justified in doing it?

13. In what way is it true that "society owes everyone a living"?

14. What is the effect of the attitude toward crime of the gang you associate with on your own attitude toward crime?

15. Why are the streets in the crowded sections of our cities sometimes referred to as "schools of crime"?

16. Why is it that some excellent people seem to enjoy reading about the details of crimes?

17. Which is more responsible for the publishing of news about crimes, the newspapers which print it, or the people who read it?

18. In what way might the "movies" be responsible for an increase in crime?

19. Make a list of all the reasons you can think of why punishment for crime is not always swift and certain.

20. Do you know personally of any cases where people have escaped the penalty for crime even after their guilt had been established?

21. What is meant by the saying that any group has as many criminals as it deserves?

22. What reasons do you know why any of your acquaintances have broken any law?

23. What laws do you personally want the government to be sure that everyone observes?

24. Are there any laws which you think should not be on the statute books? What people would profit by these laws?

25. What course of action should be followed in trying to get an unjust law removed from the statute books?

26. Have you ever known boys or girls who were not "good sports"? How did the other boys and girls feel about them?

27. What would be the effect on poverty and crime if we all lived up to the Golden Rule in all our relations with our fellow men?

CHAPTER XVIII

HOW SOCIAL MISFITS ARE HELPED

Poverty and crime are the symptoms of a sick social order. And the causes of the disease, not the symptoms, are what most need treatment. Public and private charity, including settlement houses, free dispensaries, asylums, and homes, as well as courts, reform schools, and prisons of the right sort, are needed to make the patient more comfortable; but the cure cannot be accomplished until the causes of the disease have been removed.

Helping the handicapped. If the fault lies in the individual, he must be placed where his handicap will be the least possible hindrance to himself and to society. The schools for the deaf, the blind, and the crippled are training these unfortunates so that in many cases they become of greater social value than more normal persons.

If the mentality is less than it should be, work is provided suited to the individual's capacity. If the person is a moron there are many types of routine work at which he may be more successful than a more highly intelligent person. He needs to be carefully watched, however, as a person with such a mentality has generally a weak character and is easily led astray. An imbecile or an idiot can be better cared for in an institution where there are people who understand his needs.

If boys and girls are undernourished, the schools furnish them with milk and other lunch. If the father of the family has died or deserted his family, in some States mothers' pensions make it possible for the family to be kept together in order that the children may be brought up under a mother's

care. Society is doing much to compensate the individual for some of the handicaps under which he has been brought up.

Improving the environment. If a poor social or industrial environment has been the cause of crime, poverty, or human suffering, society must see to it that the necessary changes are made. Laws must be passed which will make unsanitary conditions in tenements and factories an impossibility. Some provisions must be made by society which will prevent the suffering which follows unemployment, seasonal work, insufficient wages, and the like. Buildings, especially in congested sections, must be made fireproof and sufficient fire escapes must be provided. Child labor during the years while the boy and girl are getting their growth must be forbidden, and older children must be allowed to work only in industries which are not injurious to their health or morals. The number of hours during which women may work must be limited, and certain occupations which are hard on women's health must be closed to them. The hours of labor for men in such dangerous occupations as mining and railroading must be limited. Belts, saws, and electric switches must be covered, and other dangerous machinery made safe for the workers. Care must be taken to prevent occupational diseases. Many States have already made a beginning along these lines, but the laws need to be made uniform in all the States and the enforcement of the laws made thorough if the necessary improvements in the social and industrial environment are to be realized.

All these things, however, will take time. Many employers are slow to make changes which do not promise increased profit to themselves; they will improve industrial conditions only as they are compelled by law. Many tenement owners are more concerned with the rent than they are with the welfare of those who live in the tenements; they will improve housing conditions only when it is more expensive for them

to fail to make improvements than to make them. But cautious politicians are likely to make laws which require such social improvements only when public opinion is so strong that they do not dare to disregard it.

In the meanwhile, there are people who will continue to suffer under present conditions. To some we must extend temporary help in their own homes. This is known as *outdoor relief*. In contrast with these are the cases which must receive help all the time in institutions. This is known as *indoor relief*.



Drawn by King

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IT'S ALWAYS ONE THING OR THE OTHER

Sane rather than emotional treatment is best for the criminal and for the public.

Restraining crime. Poverty does not need to be punished, even if it is the fault of the individual; it is punishment enough in itself. But more active measures must be taken to restrain crime. Formerly the chief purposes of punishment were to inflict vengeance upon the criminal and to frighten others away from similar crimes. They were generally more successful in the first purpose than in the second. People used to believe that people were either bad or good, and that the former were bad because they wanted to be. But more and more we are coming to

believe that heredity (those characteristics which an individual has inherited from his parents) and environment (the surroundings) shape a man's character, and that we with the same heredity and the same environment would probably do the very same things as the one whom we condemn. So we are learning not to judge too harshly, to be sorry rather than resentful when someone violates the law.

Reforming the criminal. That does not mean, however, that we will allow the criminal to continue in a course which is harmful to society. We feel that we must so shape his environment that he will be unable to harm society further. Punishment is imposed with a desire for his reformation rather than in a spirit of revenge. If a man is a born criminal or has some defect which is so much a part of him that it cannot be removed, we shut him away where he can be carefully watched over in order that his instinctive criminal tendencies may not endanger society.

Segregation and training. If the offender is a boy or girl who has almost unknowingly slipped into the wrong path, he is no longer thrust into jails and prisons along with hardened criminals, where his presence is practically attendance at a school of vice and crime. Instead, he is tried in a juvenile court, generally by a judge selected for his understanding of boys and girls. He is often put on probation, under the charge of a sympathetic probation officer whose chief object is to see that the offender finds himself and learns to adjust himself to his surroundings. Frequently, instead of serving a jail sentence he is forced to earn money to pay for the damage he has inflicted. If it seems best to shut him away from his fellows, he is put in a reform school and so is kept away from the influence of the older hardened criminal. He is taught a trade and enabled thereby to become a useful instead of a harmful member of society.

Even if he is older, if it is his first offense, he is often put on probation and given another chance to go straight—

provided of course that he is guilty of some petty misdemeanor instead of a serious crime. Sometimes the penalty imposed is a choice of fine or imprisonment, and the offender has no money with which to pay the fine. The courts know that a jail sentence is more apt to hurt than to help a person who is not by nature a criminal; so in several cities, such as Buffalo, Indianapolis, and Chicago, they make arrangements for the payment of fines on the installment plan.

In the case of the older criminal, who has become set in his evil ways, the prison is no longer the place of torture and inhumanity it used to be. He is still carefully watched and compelled to conform to the prison discipline, but he is given greater freedom if his conduct warrants it. He may become a *trusty* charged with the responsibility of certain duties. His sentence may be shortened as a result of good behavior. He may upon certain occasions be allowed to go out for a short or an indefinite time upon *parole*. He has the privilege of belonging to the prison band or orchestra if he has musical talent. He may take part in the baseball games or the other athletic activities of the prison. He may contribute poems or articles to the prison paper. He sees movies, attends religious services, hears good speakers and singers, "listens in" on the radio. He is put in touch with normal people and trained for the normal life which he ought to lead.

But, as in the case of the poor, none of these methods strikes at the root of the evil. They make the patient and society more comfortable, but they do not prevent a recurrence of the same disease. Preventive measures are the only means of securing this result. While industrial and social conditions are such that it is difficult for people to live healthful, useful lives, we should not be surprised if the outcome is a continuance of criminality. If society does not see to it that a man has a chance to be busy at work which will enable him to live a normal life, we cannot expect his attitude toward society to be a normal one.

Improvements in laws and courts. We need to make improvements in our laws and in our courts. Our laws need to be simplified so that they may be understood by those who are not legally trained, and in many cases should be based upon equity—real justice—rather than upon precedent. Our courts and police systems need to be purged of many of their abuses and weaknesses. We find judges who are too lenient—one juvenile court judge put the same boy on probation more than half a dozen times, until the boy was finally sent to prison by another judge for the attempted murder of a policeman. We find the cost of lawsuits so expensive that the poor cannot afford to maintain their rights, the decision resting frequently more upon the legal ability of the lawyers on each side than upon the merits of the case. Corruption honeycombs many police forces, and vice and crime continue unmolested—for a price. Even when brought to trial, the rich criminal, or the criminal employed by a wealthy criminal organization, is often confident of a favorable decision even before the case is tried, because he can afford to retain expensive and unprincipled lawyers who know all the loopholes in the law through which the ends of justice may be defeated. While such things endure we cannot expect to be freed from the crime wave which has so recently seemed to sweep the country.

A chance to go right. Once a criminal need not mean always a criminal. Many a man who has made a misstep could be saved for society if his treatment after he has left prison were such that it would make him desirous of “going straight.” If we let all those who have served a prison sentence feel that they are outcasts for the rest of their lives, unable to obtain or hold a position as soon as the fact of their jail or prison sentence becomes known, we are not giving them a chance to come back. When a man feels that doors of honest employment are closed to him, what is left to him except a return to his criminal ways? In the forestry service in one State an experiment was

tried of allowing certain prisoners, whose conduct had been satisfactory and whose crimes had not been too serious, to learn the work of a forest ranger, and sending them out to gain actual experience in this line during the closing months of their term. Then when they were finally freed they had



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ORGANIZING CRIME

training, experience, a job, and an environment which kept them away from the temptations of their old life. Henry Ford has taken into his factories offenders and ex-convicts, as well as other types of handicapped people, in order to give them a chance to become self-supporting and self-respecting.

The part of the state. Whenever an undesirable condition is present there are two ways of remedying it. It may be attended to by the people as individuals or by the organized government. In the early days of the Christian era care of the poor and the unfortunate was generally in the hands of the Church. The deacons in the early church organizations were charged with such duties as looking after the poor and the sick. The monks and the nuns in the monasteries and convents later carried it on, as did the Begging Friars established by St. Francis of Assisi and the Lollard followers of John Wycliffe. Even today much of the work for the alleviation of suffering and the relief of the poor is carried on by religious institutions or in connection with them.

As community life has become more complex, there has grown the feeling that the religious organizations may not discover every case of need and provide impartially for all. Consequently there has been a tendency to think of such work as a part of the work of Government, and such activities frequently have lost their earlier religious aspect. Little by little the state has taken over much of the care of those who have not been able to look after themselves, and has done much work which would prevent people from falling into a condition where they would be incapable of self-support. There are almshouses for the poor, hospitals for the sick, the feeble-minded, and the insane, homes and schools for boys and girls who are not growing up to be good citizens in their natural surroundings. Moreover, the state looks after sanitation in order that there may be less danger of disease, and provides instruction in hygiene in order that people may be more careful of their personal health habits. It provides various sorts of schools, so that its young citizens may grow up able to look after themselves and need no further assistance. In some cases it hires widowed mothers to care for their own children in order that they may not be deprived of a mother's care.

It makes laws to lessen the danger of occupational diseases and industrial accidents and appoints inspectors to see that these laws are enforced.



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Courtesy Welfare Federation of Philadelphia

SPARE THEM A SHARE

An attractive and appealing poster issued by a welfare association in its annual drive for funds which it apportions among the various member organizations.

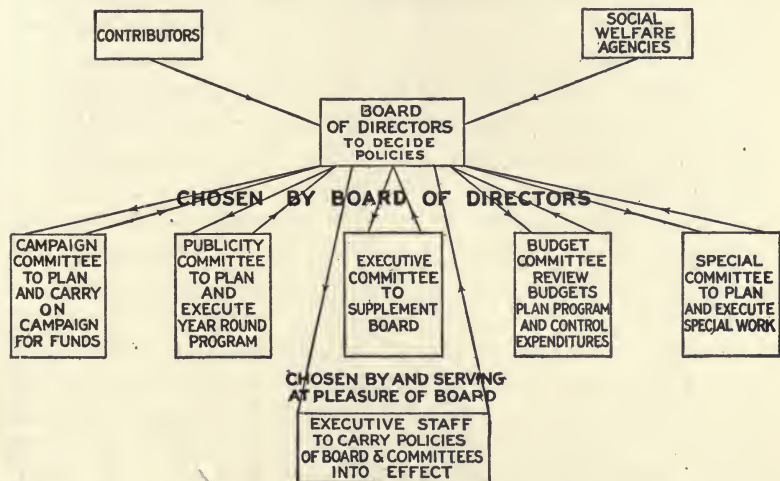
The work of voluntary organizations. But the state cannot be expected to give all the service that is needed by unfortunate people. The very nature of its organization makes it impossible for it to respond quickly to a sudden

need. So the work of individuals, apart from the state, must go on. A small group of individuals can much more readily see the need and take immediate steps to remedy it. If a family were suddenly deprived of the breadwinner it might suffer from want and hunger before the state could learn of it and take the steps necessary to help. If the weather is unexpectedly cold a slow-moving organization, such as public organizations must necessarily be, cannot get into action quickly enough to meet the emergency.

Social experimentation. Then, too, the state cannot afford to experiment with the taxpayers' money. In the solution of social problems it must work along lines which have already proved effective and which are recognized as such by the majority of the voting population. Yet at the same time there is need of constant experimentation. The social order never stands still, and the methods of the social agencies must keep pace with a changing world. There are always people who have sufficient faith in one new method or another to risk their time and money upon its effectiveness, and they are the people who finance the independent private organizations. And when a new method has been tried out by such people, and has proved its effectiveness, the state may sometimes step forward and take over the work which the private agencies have started. This has been the case, for example, with summer kindergartens and playgrounds. So the private agencies must blaze the way, discover the need, and show its existence.

On the whole, too, the work which has been started by the voluntary agencies and then taken over by the state is likely to be more efficient than it would have been had it been in the hands of the state from the outset. The private organization sets for itself a high standard of performance because its members are vitally interested in the matter. So when the state takes over the work it takes over also the standard, since the public has been trained to recognize what can be done in such a case.

Welfare federations. But one difficulty arises when there are many small organizations which are aiming to help those who need assistance. For example, at Thanksgiving and Christmas time individuals and organizations endeavor to see that all the poor people are provided with baskets containing the materials for a fine Thanksgiving or Christmas dinner. If each organization which was interested



Courtesy Association of Community of Chests and Councils

IDEAL ORGANIZATION OF A WELFARE FEDERATION

This plan is more or less closely followed with such variations from it as local conditions demand.

proceeded to give out baskets to those who they had heard needed them, and paid no attention to what other individuals and organizations were doing, some people would get several baskets while others who needed help just as badly would not be provided for. It is just the same trouble that we found where individuals tried to look out for the needy, only it is on a larger scale. To remedy this, there has been an attempt in nearly two hundred cities to federate the various organizations, sometimes all of them and sometimes only a

part. In the case of the Christmas baskets, such a federation would establish a Christmas Exchange which would keep track of needy people, whose names were obtained from all sources. Each case would be investigated in order to make sure that it actually was a worthy case, and the information written on a card and filed for reference. Then if any one of us wanted the name of a needy family it would be an easy thing to telephone or write to the Christmas Exchange for it. The name of the person who had offered assistance would be written on the card. And if someone else called up the Christmas Exchange in regard to the same family, the Christmas Exchange would tell them that it was already provided for; and so the help could be given to another family.

Not only does such a federation prevent aid being given too freely in one case and not enough in another, but it costs much less to run organizations so coöperating. A single week may be given over to a "drive" and money collected for all the organizations at once. If the federation includes all the organizations in a city, the money is frequently gathered into a "community chest," and the people who pay know that they will not be approached by an individual agency during the rest of the year. So it saves time for both the individuals who give and the societies which collect. When all the money is collected, a Board of Trustees composed of business men who are interested in the general welfare of the city decide the proportion to which each organization is entitled, and make the proper division of the money.

Individual responsibility. There is one trouble, however, with such lump-sum collections: it is so easy for people in their giving to forget the number of organizations included in the federation. Five dollars might be a more than generous contribution for a particular person to give to one organization, but a very small one to be divided among a hundred or more organizations, a half dozen of

which the individual was in the habit of helping, for the work of the members of the federations is wide-reaching. It runs from emergency aid and temporary relief to homes for the blind, crippled, aged, and orphaned; from employment service to summer camps; from Boy and Girl Scouts, Campfire Girls, and Big Brother and Sister Associations to visiting nurses and hospitals, to say nothing of such organizations as college and social settlements, and bureaus for municipal research.

Year-round citizenship. There is one other form of organization which is truly one for service and which is frequently numbered among the members of such federations, but it is not a type of organization which aims to help the poor and needy. It is interested in making our government one which shall govern well, and its members



Drawn by Baer

Courtesy Capper's Weekly

WHERE TO FIND YOUR GOVERNMENT

are voters who are voters all the year round and not merely on election day. That is, they are familiarizing themselves with the affairs of government all the year round in order that they may vote intelligently on election day, and are seeing that the elected officials are really efficient. Government is really only "the community in action" yet most citizens "consider, criticize, praise, or blame according to a lazy attitude of mind." There is no attempt to become



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WATCH AND SPRAY

fully informed upon public questions, no effort to keep watch of public officials. Too many decide how they will vote on most questions by what their friends tell them or by what they read on the editorial page of their favorite newspaper.

Checking up on public officials and law enforcement. Flexner has said, "The citizen can delegate power, but he cannot absolve himself from responsibility." The government is our government, even if we never cast a vote, never look in a paper to see what the national or State legislatures are doing, never take the slightest interest in the way in which our city or town is administered. Every official, from the President of the United States to the humblest street sweeper, will do more efficient work if he knows that people are taking an interest in his work; that they are ready to blame if after careful judgment they consider he has been at fault, but equally ready to praise if his work has been worthy of praise.

Most of us regret the graft and corruption which too often are characteristic of governmental administration, but we do not do what we can to make such graft and corruption impossible. We vote as readily for a dishonest as for an honest public servant—generally because we know nothing about either. If we do not take the trouble to inform ourselves, we are to be influenced more by promises than by past performance—and it is easier for a dishonest than for an honest candidate to promise impossible but interesting achievements.

So a new type of organization for service, as we have said, has grown up. Its members are those citizens who wish to be voters 365 days in the year, and 366 days in leap year. They carefully follow the work of the government and find out exactly what has been done. If there is need for the passing of a new law, they agitate for its passage. If there is need for the enforcement of a law already upon the statute books, they "camp on the trail" of the official whose duty it is to enforce the law, until in self-defense he is ready

to do it. The dishonest politician is on the job every minute; and if those who wish good government, and who suffer most if government is inefficient or corrupt, are not equally active, we cannot expect our government to be a really good one.

Day by day we are coming to believe more fully that we are our brother's keeper. We are learning that man does not live to himself alone, and that what hurts one hurts all. That does not mean that any of us should shirk his own duties or responsibilities by saying that our brothers are our keepers and should look after us. On the other hand, it does not mean that we should relieve our fellows of responsibilities which they are able to bear, and should bear. But where we can, we should endeavor to lessen the suffering of those who are in want, and to help back those who have fallen into evil ways. And, above all, we should feel that it is our duty to help improve conditions so that poverty and crime may be lessened and society and the individuals who make it up may continue on the basis of a "square deal."

HOW THE SOCIAL MISFITS ARE HELPED

1. What does your own locality do to handle cases of poverty or crime? What does it do to prevent them?

2. What are some of the weaknesses of our present methods of dealing with poverty? with crime?

3. Why is it more important to get to the roots and remove the causes of poverty and crime than it is to relieve the poor or punish the criminal?

4. What three types of people are there who are not normal mentally? How should each of these groups be treated? Are institutions (if properly run) an advantage or disadvantage to their inmates?

5. Why should the city or State concern itself with such problems as whether a boy or girl has enough to eat, whether the laws regarding fire prevention are observed, or the hours of labor of women are limited?

6. What advantages do federal laws in such matters have over state laws? Are there any disadvantages?

7. What is the difference between "outdoor" and "indoor" relief? For what type of cases does each provide? Would it be wise to give them all the same treatment?

8. Which of the two would you expect to be provided largely by voluntary agencies? Why?

9. Make up a play in which the various causes of poverty tell how they have brought disaster.

10. How has the purpose of the punishment of criminals been changed in recent years?

11. Do you think that the humane way of treating the criminal is a more successful way of preventing crime than the harsh method?

12. Write a story of a boy who, as a punishment for a theft which he had committed, was sent to a jail where he was thrown with hardened criminals. Show how this affected his later career. Write another story, placing the same boy in an institution where all the inmates were first offenders, and show the difference which such treatment would naturally produce.

13. Are criminals prevented from continuing in an evil career if the court is too lenient? if the penalty is too severe? Explain.

14. Why should a man be forced to pay some sort of a penalty for doing something wrong even if the misdemeanor is due to his heredity or environment?

15. How have such organizations as the Boy and Girl Scouts and the Campfire Girls helped to prevent some of the unfortunate conditions mentioned in the text?

16. Why was the earliest charitable work in the hands of the churches? Why was part of it taken over by the states? Is any charity work still in the hands of the churches?

17. What institutions in your locality have been established by the government?

18. What sort of charitable work is best carried on by the state? Why should the state do this sort of work instead of leaving it to private agencies?

19. In what sort of work are voluntary organizations more effective than government agencies? Give examples.

20. Do you think it advisable for state and voluntary agencies to cooperate in the work? Explain.

21. Have you an almshouse in your neighborhood? How many inmates are there? Why is it better for the city than for private organizations to look after these people?

22. Why should the feeble-minded and the insane be looked after by the state?

23. Which of the following cases would you expect to be handled by voluntary agencies? which by the state? Why?

A man with a broken leg who has a large family dependent upon him.

A child in the slums who has never had a vacation in the country.

An imbecile or idiot.

A man unable to do work of any sort.

24. Why do old people prefer to live in old men's or old ladies' homes instead of in almshouses?

25. Why is a mother's pension system better than the system of having the state pay other people for looking after children whom their parents cannot support?

26. What voluntary organizations do you have in your own town or city? Make a list of them.

27. Make a poster which you think would make people interested in either of the following agencies: child labor organization; country week.

28. What advantages do federated charities have over separately administered charities? what disadvantages?

29. In what way can you yourself be a citizen all the year round?

30. Why is it the duty of a good citizen to keep track of the work of public officials after such officials have been elected? Why can an organization do more effective work here than unorganized individuals?

31. Write a story of a government official who entered the government service with high ideals, but lost his ideals and became corrupt because honest service was not appreciated. Write a companion story showing the effect of popular interest in honest officials.

32. How many organizations do you have in your city to keep track of the various government activities? What sort of work do they do?

33. Do you think voluntary agencies may ever be positively harmful to society? Explain.

34. What do you think you could do to help the misfits in our society?

CHAPTER XIX

SETTING OUR STANDARDS

Choices. Most of us wish quite frequently that we were twins, because there seem to be two things which we want to do at the same time, and there is only one of us to do it. It may be true that we have as much time as anybody else, or, in other words, that we have all the time there is. But we do not have enough time to do all the things we should like to do; and we consequently must choose to do the things that we like most to do, and leave undone the things we like the least to do. This choosing takes many forms. We may have to choose between play and work, between different kinds of play and different kinds of work, or between different objects we might get for our work.

Money or play. Similarly with our money, we have less than we should like. Therefore we have to choose carefully what we shall buy. We are generally in the condition of the little boy who stood before the drug store window with four shiny pennies in his outstretched hand, gazing longingly at the sign which read, "Chocolate soda, five cents." We never seem to have enough money for the things we should like to buy. But money is scarce for most of us because we haven't time or energy enough to earn as much as we should like to earn. Besides, if we worked all the time we should have no time to play, and everyone likes to play—that is, everybody worth mentioning. One of our many problems is, therefore, that of choosing whether to deprive ourselves of play in order to get certain goods that we want, or to do without the goods in order to have time to play as much as we should like.

There are people who think that we in this country work too hard, too many hours a day, and too many days in the year. It is sometimes said that we could supply ourselves with all the necessaries of life if we could work four hours a day. That is probably true, but we could not have as many goods for four hours' work a day as we can under the same state of civilization for eight hours' work. We have daily to take our choice, therefore, between more leisure and more goods.

Effects of machinery. When it is said that the improvements of machinery will soon enable us to get along with four hours' work a day, it can only mean that some day we may be able to live as well as we now live, by working four hours a day. We can say that if we were willing to live as well as our grandfathers lived, we could get along now with four hours' work a day. The question is, would we want to live as our grandfathers lived? Probably not. Then we may ask, will our grandchildren be willing to live as we live? Again the answer is, probably not. They will have to choose between working four hours a day and living as well as we live, and working eight hours a day and living twice as well as we live. There is a fair probability that they will choose the latter.

The majority of us in America spend much of our time, our energy, and our money in "keeping up with the Joneses." We have to have an automobile, or a new set of parlor furniture, or a radio set, because the next-door neighbors have these things, and, unless the American disposition changes, we shall always be likely to prefer more things with harder work, rather than fewer things with less work and more leisure time at our disposal. On the whole, those nations in which it is the general habit to take prosperity in the form of more leisure do not seem to attract many immigrants, even from among the advocates of the four-hour day. Those that take their prosperity in the form of more goods are the countries in which most people seem to

prefer to live, and the country in which we ourselves should prefer to live when we are given the choice.

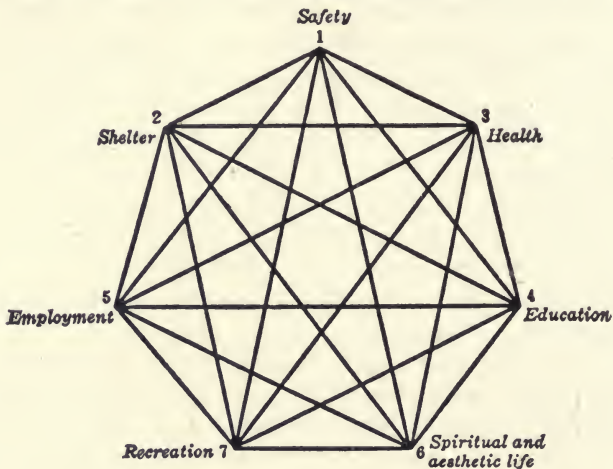
Standards of living. In simplest terms, the standard of living means all those things which one insists on having.¹ These might be grouped under seven heads: safety, shelter, health, education, employment, recreation, spiritual and cultural life.

Not all incomes are equal, of course, and since all individuals do not have the same amount of money to spend, it is not possible for them to have the same things, even if they wanted to. Each of us must choose what he will have and what he will go without, and upon the wisdom of that choice depends his happiness. No standard of living should provide nothing except work. "All work and no play" still "makes Jack a dull boy." An occasional seeming extravagance, if it be in the form of recreation, or if it give a new zest to living, may be a good thing. But too much recreation becomes dissipation, and continued extravagance is neither good business nor real enjoyment.

The chief decision which each of us will have to make in planning his economic life is just how good a living can be afforded.² And when the decision is made, he must stick to his standard no matter what the temptations to add more luxuries. Sometimes, of course, one's standards may be raised by producing at home some of the things which are needed for the use of the family: for example, farm products for home consumption, gardens in the suburbs of the cities, or furniture and clothing made by the labor of some member of the family. But the desire for a higher standard should never lead one into debt. To be a successful economic citizen, one must learn to live within one's means, to save some part of one's earnings, to judge between the important and unimportant in spending, and to look ahead and plan for the future.

¹ A more accurate definition, however, is, "all habits of consumption which individuals place ahead of marriage and raising a family."

Thrift. Thrift means much more than merely saving money. It implies industry, good management, prosperity. As a matter of fact, the thrifty person will, in the long run, spend more money than the unthrifty person because he will have more to spend. But he spends money only when he can afford it, and he buys only articles which are suitable and not more expensive than he can really afford. He does not forget that he may need money in the future, and he is apt to



*From "American Standards and Planes of Living," by T. D. Eliot (Ginn and Company)
Reproduced by courtesy of author and publishers.*

THE INTERRELATION OF THE ELEMENTS IN THE STANDARD AND PLANE OF LIVING

plan his savings first, instead of saving only what is left after he has bought what he wishes, which generally amounts to little or nothing. And, having a plan for the management of his income, he generally becomes financially independent.

The unthrifty "are not so." They live in the present without regard for the future; are careless in buying and in the use of what is bought; and only too often learn the bitter lesson, which Mr. Micawber learned but was never able to put into practice: "Annual income twenty pounds, annual



Courtesy John Cassel and Collier's

PREPARING FOR A RAINY DAY

expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery. The blossom is blighted, the leaf is withered, the God of Day goes down upon the dreary scene, and—and, in short, you are forever floored."

True thrift. Some people who consider thrift a virtue, talk as though the chief part of thrift were going without things which we should like to have, in order to save money. But a man who merely tucked away his money in an old stocking, or hid it under the floor, would not be really a thrifty man. He would be a miser, for true thrift does not consist of hoarding money. To hoard money in these days is a thriftless thing to do with it. To hoard money, to have it idle when it might be working for you, is a form of waste. Even if you put it in a savings bank, it is not idle. You will get interest on your deposit and the bank will get the money out again as soon as possible and set it to work. The bank must do this in order to pay you interest for your money. It will put your money to work by lending it to someone who needs it in his business. If a dairyman needs another cow and has not the money with which to buy her, he may get it from the savings bank. If he is a really good dairyman and needs the cow, she will enable him to pay back the loan and leave him some money besides. So, as a result of your saving, there is a slightly larger supply of milk for people who need it and the dairyman has something extra to pay him for his work. In other words, thrift consists in spending money, but in spending it wisely instead of unwisely, in spending it for things which will do you the most good in the future as well as in the present.

Present and future wants. One of the first problems, then, is-to divide your expenditures between your present wants and your future wants. Most of us have a hard time going past a confectionery store or an ice-cream parlor, even when we know that by going without such indulgences we may be able to purchase a new dress or suit of clothes in

the future. And the lure of the movie, which is always with us, is apt to be more clearly heard than the call of a distant college education. People tell us that we need to save for a rainy day, but we are apt to feel that the rain will never fall on us, or that someone else will be willing to loan us his umbrella, so that we ourselves need to take no thought for a time like that. Yet if we should spend all our income on the wants of the immediate present, we might find ourselves in our old age with nothing to live on. In fact, disaster might come much sooner if we should be ill or temporarily unable to work. On the other hand, if we should try to save all our money and not spend enough on present needs to maintain our working capacity at its maximum, that would be poor economy. There may be individuals here and there who are trying to save too much for the future and who are not spending enough on present needs. There are many more, however, who do just the opposite; who are spending much more on present needs than is necessary to maintain their working capacity at its maximum. Therefore more people will be benefited by a thrift campaign than by a campaign in favor of spending more money on present needs. If there were a world in which people were generally trying to save too much, and were not spending enough on the present, in that world it would be desirable to have an anti-thrift campaign. However, since this is not that kind of a world, we need not worry about that problem.

Education. One of the thriftiest things young people can do is to spend money on their education. By so doing they will increase their earning power in the future, even though they may deprive themselves of some luxuries they might have in the present. Having the proper training frequently means the difference, in later years, between being kept with one's nose to the grindstone in order to make enough money to support a cramped existence, and being busied with work that is profitable as well as enjoyable. Education is

an investment which probably pays a higher return than any other investment a boy or girl can make of capital and time.

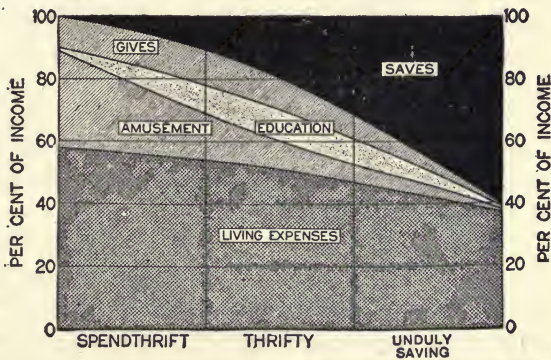
Perishable and durable consumers' goods. When we spend money, very few of us stop to think exactly what we are getting, and why we are getting it. We see something in a shop window which attracts our fancy, and if we have money enough in our pockets we immediately purchase it. Later, as often as not, we wonder how we ever came to buy that particular article. If we stopped to think more frequently than we do, we should be more careful that in buying what are known as *consumers' goods* (that is, goods which are used to satisfy our wants directly) we were buying those which would not be used up immediately. A dwelling house is, strictly speaking, consumers' goods, but it is durable, and will last a long time. An ice-cream soda is consumers' goods, but it does not last long. To spend money on a dwelling house is to plan for the future. To spend it on ice-cream soda is to think only of the present. To spend more than is necessary on perishable consumers' goods is to be extravagant. It is much more thrifty to spend it on more durable consumers' goods instead, and gives us much more lasting satisfaction as well.

Producers' goods. Most forms of thrift, however, consist in buying *producers' goods* instead of consumers' goods. A plow, for example, is producers' goods; whereas bread is consumers' goods. No one desires to consume a plow in any form. He does not care for it for the sake of the pleasure it gives him directly; he cares for it because of some consumers' goods it will enable him to get; in other words, it satisfies him indirectly through the medium of consumers' goods. All tools, machines, factory buildings, shops, engines, etc., are of this class.

The right way to spend money. But it should be remembered that one is spending money in either case; the thrifty person is spending money as truly as an extrava-

gant person. He is merely spending it on a different class of goods. However, as suggested above, the thrifty person may spend it indirectly by putting it in the bank and letting the bank lend it to someone who needs to buy either producers' goods or some durable consumers' goods. It would be a poor bank that would lend money for an extravagant purpose. Every well-managed savings bank lends only for thrifty purposes; that is, to some person, company, or corporation who needs more or better equipment in business or to someone who wants to buy a dwelling house or some other piece of durable goods.

It is sometimes said, but mistakenly, that extravagant spending gives employment to labor. If a rich woman buys a dozen dresses which she does not need, it would seem that she was benefiting society, be-



Courtesy the Telephone News
 HOW DIFFERENT TYPES OF MEN DIVIDE THEIR INCOMES

cause she was giving employment to the manufacturers of the goods and the makers of the clothes. But we never stop to think that if these people had not been engaged in such work, they might have been busied with the production of either producers' or more durable consumers' goods. One of the best examples of this has been given by a Frenchman, Frederic Bastiat.¹ "A worthy shopkeeper, Jacques Bonhomme, who is about to punish his son for breaking a pane of glass, is remonstrated with by sympathetic onlookers who argue that the boy is really a public benefactor be-

¹ Frederic Bastiat: *Sophisms of Political Economy*.
 E. L.-21

cause he has made work for the glazier who will then have the cost of the new pane of glass to spend, so that the butcher, the baker, and others will share in the benefit. But the bystanders do not realize that if the shopkeeper spends the money in replacing the broken pane of glass, he cannot spend it in replacing his shoes, which are down at the heel, or in placing a new book on his shelf. Let us see how the account stands with trade in general. The pane being broken, the glazier's trade is benefited to the extent of six francs. That is what we see. If the pane had not been broken, the shoemaker's or some other trade would have been encouraged to the extent of six francs. That is what we don't see. . . . Trade, in general, has no interest. . . . whether windows are broken or not.

"Let us see again how the account stands with Jacques Bonhomme. He spends six francs and gets neither more nor less than he had before; namely, the use and enjoyment of the pane of glass.

"Now as the good burgess, Jacques Bonhomme, constitutes a fraction of society at large, we are forced to conclude that society, taken in the aggregate, and after all account of labor and enjoyment have been squared, has lost the value of the pane which has been broken."

Waste. In our spending, we should always guard against waste. If we buy more food than we need, and put the left-overs into the garbage can; if we buy more dresses or suits than are required, and sell them to the rag man when they have gone out of style; if we buy an automobile on the instalment plan, and lose it because we are unable to meet the payments; we are not getting the most for our money. We generally, too, are depriving ourselves of commodities or pleasures which we desire, and for which we should have had sufficient money if we had guarded sufficiently against waste.

Waste is not confined to the rich alone, though the woman who has sometimes as many as a thousand dresses in her

closet, though "she rarely wears any but the last three she bought," may be a more striking example than the shop girl who buys a hand bag for a dollar ninety-five cents and later decides she does not like it and never carries it: both alike are wasters.

Fashions in spending. One of the difficulties which everyone must face who tries to spend his money wisely, is the multitude of temptations to spend unwisely. If all one's neighbors and associates are spending money extravagantly, it is very difficult for the individual to avoid following the fashion. There are undoubtedly many fashions that promote extravagance or the unwise spending of money. However, there are good as well as bad fashions. One of the hopeful things about the situation is that large numbers of people can, by working together, set their own fashions or their own standards of expenditure. They can, of course, set their own fashions in extravagance, but it is equally possible for them to set their own fashion in the direction of wisdom or good sense. For example, there are some cases where high-school girls have agreed among themselves not to overdress for their graduation exercises. Where they can cooperate in this way, they are able to dress well, and to look just as pretty as though they had spent money lavishly on ostentatious dress.

If the fashion is set on the scale of extravagance, the individual feels more or less helpless. If it is set on the scale of simplicity, good taste, and real beauty, everyone can dress simply, in good taste, and beautifully. The principle that applies to the case of graduation dresses may apply to everything else that we buy. It may apply to the community at large as well as to a graduating class. If educated people who appreciate what simplicity, good taste, and beauty really are will all cooperate to set the fashion, then everybody can dress well and live well without spending enormous quantities of money. If, however, educated people refuse to cooperate in this way, every individual will

feel compelled to dress and live according to the prevailing custom.

One needs only to look at some of the old fashion plates of the styles that were in vogue half a century ago, to see how ridiculous, laughable, and positively ugly fashions may become; and yet an individual living at that time could not do otherwise than follow the fashion, and we are not arguing that she should. We are merely arguing that people should try to make fashions better. We are all creatures of habit and fashion, at least to a large extent. The question is, shall we merely drift along and let silly people make the fashions for us, because a change of fashion means money in the pockets of those who produce clothing, or shall we ourselves try to guide the fashions in the direction of wisdom and sanity? It will require a great deal of coöperation—that is, a great deal of thinking together, planning together, and working together—in order to accomplish the latter. There are many kinds of coöperation in the world, but there is no kind that is more needed.

Budgeting our expenses. In some of the arid regions of our Far West there is considerable rainfall, but it comes very unevenly. At one time there is so much rain that it runs in streams and does the crops no good, then there is a long dry spell when there is not rain enough to keep the crops alive and growing. By building reservoirs and saving the water in the time of abundant rainfall, and then letting it out of the reservoirs to irrigate the crops in time of drought, a vast improvement is made in the agricultural situation. Too many of us spend our money in the fashion in which the water was distributed before the reservoir was built. We spend on the impulse of the moment, when something happens to attract the eye, and without regard to any permanent plan. Then when we happen really to need something, we do not have sufficient money to pay for it.

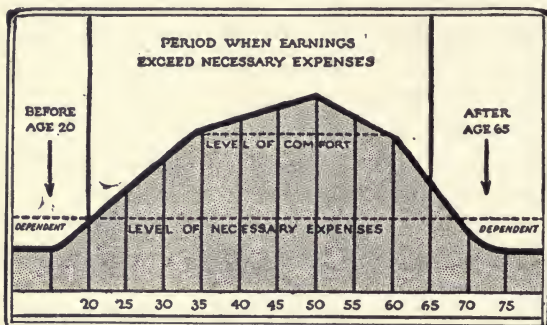
Spending money according to a well-thought-out plan is sometimes called the budgeting system; that is, when one

knows his probable income, he sits down and tries to plan the wisest possible expenditure of that income for the year. Then, so far as possible, he adheres to that plan and does not buy unnecessary things on the impulse of the moment. Buying according to a budget, like spending money thriftily, helps the buyer in two different ways in addition to the general advantage of thrift. In the first place, as already pointed out, it enables him to get the most out of his money. In the second place, it helps to stabilize the whole industrial system. Of course, one individual spender spending according to a budget has very little effect on the whole industrial system. It is like saying that if you drop a pebble into the ocean you raise the level of the entire ocean—which is probably a correct mathematical statement, but does not make much impression on the human eye. However, the more people we can get to spend money according to a budget, the more influence they will have on the industrial system.

Suppose every farmer, when he sells his crops, has money in his pocket and spends it at once. The stores will be doing a big business; they will be sending orders to the wholesale houses and these will be sending orders to the factories at a great rate. Business will seem to boom. But after the farmers' money is spent there is no more buying, the stores are selling little or nothing, fewer orders are going to the wholesale houses, and these are sending fewer orders to the factories. There is general stagnation. If, however, the farmer would spend his money according to a budget, he would spread his expenditures throughout the year. The stores would be doing a regular business, and there would be no such period of business boom as that described above, with a subsequent period of business depression.

However, there are other people besides farmers who might spend their money very unevenly if they spent it when they had it, instead of spending it according to their

regular needs. Carpenters and builders are usually busier in good weather than in freezing winter weather. Suppose they spend their wages as fast as they come in; when winter comes on and there is no work, they have no money to spend. This condition also tends to make business uneven. However, if they bought according to a budget, and saved up some of their money during the months when there was plenty of work, they would have something to



Courtesy Earl G. Manning

COMPARATIVE EARNING CAPACITY FOR A LIFETIME

tend greatly toward the stabilization of business. In this way we do ourselves good by making better business conditions for everybody, in addition to getting the most for the money we happen to spend for ourselves.

Not only do many individuals and families benefit by the economies which come from a well-organized budget, but most of the railroads, department stores, hotels, and banks are now operated on a budget plan.

Planning our own budgets. One thing that frightens many of us away from the idea of a budget is the feeling that we have to take someone's plan and use it without making any changes. Many times we might prefer to save on rent in order to have more money to spend on clothes, or spend less on our clothes and eat the things which we most enjoy even if they are rather expensive. It is true that speci-

spend during the months when there was little work. The stores and the factories would be doing a fairly even business throughout the year. Thus the budgeting system, if generally adopted by all classes, would

men budgets have been worked out for incomes of various sizes. But these are really only suggestions, which it is wise to keep in mind when we make out the budget which will best fit our personal needs. Then we shall not be so likely to spend more money than we had intended on the things which we do not really want. Probably the first time any of us makes out a budget he will find that he has not realized the cost of the things for which it is absolutely necessary to provide. But by making changes in accordance with what he finds his needs to be, he will finally work out the most satisfactory budget for himself.

The Greeks, who were among the wisest people who ever lived on this planet, defined man as the creature who looks before and after. That is one of the ways in which men are superior to the brutes. Instead of living in the immediate present, they live both in the past and in the future—in the past through their memory and tradition, and in the future through their visions, their plans, and their ambitions. We might go further and say that the wiser the man, the more he looks before and after; or that the less he looks before and after, the more he resembles the brutes. Thrift is one way of planning for the future, of endeavoring to realize in the future the visions and ambitions of the present.

HOW WE CAN GET THE MOST FOR THE MONEY WE SPEND

1. In what way is our life a series of choices? What are some of the choices which you have had to make?
2. Why do we have to make so many choices which concern the spending of money?
3. Suppose you had an opportunity to do some work which would bring in some money, but in order to do it you would have to give up a good time upon which you had been counting very much. Which would you choose?
4. If we could live as well as our grandparents did by working four hours a day, why do we generally work much longer?

5. Make a list of the various conveniences which your father had but your grandfather did not. Make another list of things which you have but your father did not have.

6. Why do immigrants seem to prefer countries which offer more goods, to countries which offer more leisure?

7. How many subtopics can you think of under each of the seven divisions of the standard of living?

8. Make a list of what would seem to you necessities; comforts; luxuries. Would the lists be the same for all people? Give reasons for your answer.

9. How much income do you think a man should have before he marries and undertakes the support of a family? Justify your answer. What would be the effect on living standards of (a) the location of your home; (b) the cost of your home; (c) the social environment; (d) your personal economic habits?

10. What would be the effect on the cost of living of (a) number in family; (b) health of members of family, etc.?

11. Under what conditions of economic success are luxuries justified? Are there some persons who should not attempt to buy luxuries?

12. See book entitled *One Way Out*, by William Carleton, to find out how one couple met the problem of the too-high cost of keeping up appearances. Also, *Keeping Up with Lizzie*, by Irving Bacheller.

13. Look up *Engel's law* in the glossary. Do you know any cases among your acquaintances which would prove the law true?

14. How does thrift differ from hoarding? Which is more harmful to his country, a spendthrift or a miser? Discuss.

15. Why is it the part of thrift for you to spend money on your education? Are you getting all you can out of your opportunity?

16. How may waste be responsible for bad economic habits? for bad influence on other people? for lack of ambition to go ahead?

17. Make a list of forms of waste of which you might be guilty if you were not careful. What was the case in 1931-32?

18. Is America likely to spend more or less than she needs to on present wants?

19. Plan a thrift campaign in your school. Make posters, put up slogans, have speeches, and if possible make up a play which will show the value of thrift to your community.

20. Who sets the fashions in your locality? Are they in the direction of expensive or economical dress?

21. What could the girls in your school do to change elaborate styles to simpler and more appropriate ones? What could the boys do?

22. What is meant by a *budget*? Do you keep one?

23. Why would society be better off if everyone spent money according to a budget? What would be the effect on stores and factories?

24. The average income in the United States is below \$1,500 a year. Make out a budget for a week using \$28.84 (\$1,500 divided by 52 equals \$28.84 plus). Then make a budget to cover the income for a month, \$125. Then make out a budget by combining the previous budgets to cover a year period. Do the same for an income of \$5,000 and compare the two.

25. Take your budget for a \$1,500 income and buy a small automobile on the instalment plan. Get facts and figures from a dealer. Do the same for your \$5,000 income budget buying a more expensive car. What effect does this have on your budget?

26. Bring into class a list of the money you received last week and the way in which you spent it. What changes would you have made if you had prepared a budget in advance?

27. Make out a budget for your next week's receipts and expenditures. At the end of the week see if you have kept to it. If not, why not?

28. Make out a budget for a family of five with a salary of \$2,500 a year; \$4,000. How do they differ in the ways in which the money is to be spent?

29. Why do you suppose business men prefer to have thrifty employees, those who are able to save money?

30. Is saving money always a thrifty thing to do? Give examples showing where it would be; where it would not be.

31. A very thrifty person may almost seem to spend his money before he gets it, or, rather, to have the spending of it planned before he gets it. Do you know of any illustrations of this? Do you know any successful farmer who never seems to have any money because it is all gone into paying for improvements on his farm? Do you know any manufacturing corporation which makes large "earnings" but has not paid any dividends? What is the reason?

I		II	
	BARE NECESSITIES	HEALTH AND COMFORT	
	ESTIMATED COST	ESTIMATED COST	
SUBSISTENCE	<ol style="list-style-type: none"> Groceries Dairy products Meats Luxuries (candies, tobacco, etc.) 	<ol style="list-style-type: none"> Groceries Dairy products Meats Luxuries Meals out and other expenses 	<ol style="list-style-type: none">
CLOTHING	<ol style="list-style-type: none"> New clothing New materials Repairing Tailoring Cleaning 	Items same as in budget I	<ol style="list-style-type: none">
LODGING	<ol style="list-style-type: none"> Rent Taxes Interest on mortgages Repairs Improvements on house and grounds 	Items same as in budget I	<ol style="list-style-type: none">
HEAT AND LIGHT	<ol style="list-style-type: none"> Heat (repairs on furnaces, stoves, etc.) Fuel Light 	<ol style="list-style-type: none"> Heat (fixtures) Fuel Light (fixtures and electricity) 	<ol style="list-style-type: none">
EDUCATION, PUBLIC WORSHIP, ETC.	<ol style="list-style-type: none"> Schooling Church dues Lodge and club dues Lectures, music, theater Travel 	Items same as in budget I	<ol style="list-style-type: none">
CARE OF HEALTH	<ol style="list-style-type: none"> Physician Dentist 	Items same as in budget I	<ol style="list-style-type: none">
LEGAL PROTECTION	<ol style="list-style-type: none"> Taxes Fees 	Items same as in budget I	<ol style="list-style-type: none">
COMFORT, MENTAL AND BODILY RECREATION	<ol style="list-style-type: none"> Athletics Sports Social diversions (entertaining, etc.) 	Items same as in budget I	<ol style="list-style-type: none">
Total			

CHAPTER XX

SPENDING OUR INCOME

Basis of spending. Money has a bad habit of "burning holes in the pockets" of most of us. When we have money we are liable to spend it without giving due thought to our purchase. We see something we want; we have the money with which to buy it; we purchase in haste; and only too often we repent at leisure. We should cultivate the habit of asking ourselves whether we need the article; whether it is really suited to our needs or merely attracts us by its appearance; whether it will give good service; whether the article is really worth the price (and the price reasonable); and, most important of all, whether we do not want, instead, some other article which we must go without if we buy this one. Some people feel that such careful calculation takes all the joy out of buying, but they are likely to be the very ones who complain most bitterly that they have to go without things which they really need.

True values. An article is not necessarily cheap because the price is low—it may prove to be expensive. A grater which will rust or grow dull may really be less of a bargain than one which costs ten times as much to begin with, but which will last indefinitely. A suit of clothes at twenty-five dollars may be a wiser purchaser than a suit at fifteen dollars, if it will wear proportionately longer and will keep its shape better. The woman who was reported to be the best dressed woman in the world gave as her advice "to women who cannot buy everything that pleases them, and who cannot afford to make mistakes: buy only a few clothes at a time and buy simple but exquisitely fine clothes." Too

many of us buy because our friends and neighbors are buying— an automobile or a radio, when the family cannot really afford it; a beret because berets are “in,” even though they may not be becoming to some of those who buy them; an academic education, when one’s interests and aptitudes are entirely mechanical.

Too many of us, also, buy without really knowing values. We see what we like and we get it, even though we later find that it is of poor material or that we could have purchased the same article more cheaply elsewhere. Most of our life income is spent for the necessities of life, from 75 to 85 per cent generally, the proportion spent on comforts and luxuries increasing as the yearly income rises.

Sometimes we spend too much on what are considered the necessities. We buy or rent a more expensive house, for example, than our income warrants, and then find we must cut down on all our other expenses, or go into debt. Or we spend too much for food, in order to buy what appeals to our palates rather than to our purses.

It is a good thing, therefore, to consider carefully before buying. We should consult our budget to find out how much we can reasonably spend on the particular thing we want. We should study the shops to find out where the best values are to be had. We should be careful that we are not spending beyond our income, and we should balance our spending and not “put a fifty-dollar saddle on a twenty-dollar horse.” Most important of all, we should be sure that we do not want to save our money toward some bigger thing, such as the radio or automobile we have been hoping to have, or toward the home we want to buy.

Methods of payment. When we come to pay, there are two methods open to us—cash or credit. In the one case we pay first and use afterwards. In the other case we use first and pay afterwards, or we pay as we are using the article. Each method has its advantages, although there are more dangers in the second. Stores which sell for cash (for

example, the chain stores) can generally sell at a lower price because they pay less on bookkeeping, on bad accounts, etc. But a purchaser who telephones his order and has it charged, saves time and finds it easier to return the article if it does not prove to be exactly what is wanted. Also a purchaser on credit may take advantage of reduced prices at a time when he is not able to pay for the goods in cash. But there is a grave danger in credit buying. Most of us are liable to spend more than we realize on small purchases. It is so easy to say "charge it" and only the bill at the end of the month brings to us the realization of the appalling amount we have spent.

Instalment buying. One of the most common of all forms of credit and one of the most recently developed, is instalment buying. This is a form of credit which gives to individuals the possession of an article before they have accumulated the money to pay for it. This principle of "fractional payments" for lands and houses, widespread even in ancient Egypt, is today helping many people of moderate means to become owners of their homes. All over the country building and loan associations are advancing money for the purchase or building of homes. This is to be repaid by payments spread over a period of about a dozen years. The Federal Farm Loan System has in like manner done much to help farm laborers to become farm owners.

History of instalment buying. About 1807 this idea of "fractional payments" was introduced into the furniture business. Then sewing machines were sold on the instalment plan; a machine worth from \$25 to \$30 usually being bought for a down payment of one dollar and a weekly payment of 50 cents. Then pianos were sold in the same manner, although of course with much larger down and monthly payments. Books joined the procession, later jewelry, automobiles, phonographs, radios, vacuum cleaners, washing machines, and mechanical refrigerators. These are, on the whole, what we might call high-grade instalment commodi-

ties, though lower grades of jewelry and furniture, together with clothing on credit, "books, ornamental wares like vases and fancy clocks, photographs, and gewgaws," have been added to make up the amazing total of about $4\frac{1}{2}$ billions of dollars at the end of 1926.

Principles of instalment buying. The principles of instalment buying are simple—a certain amount must be paid in cash as a down payment, and the balance in monthly (or weekly) instalments. The buyer gives instalment notes, and the seller takes a lien on the article. In other words, if the buyer fails to keep up his instalments, the seller has the right to repossess the article and also to keep the money which has been paid in.

Like all other credit, instalment buying "rests on confidence: the lender must trust the borrower" both as to ability and willingness to meet his obligation. That is one reason why we want to be careful not to overbuy on instalments—we cannot always be sure that some unforeseen emergency may not prevent our keeping up payments which under ordinary conditions we could meet without difficulty. That is the reason, too, why we should be careful in the sort of things we buy on the instalment plan. Producers' goods are a safer investment than consumers' goods; there is more chance of our being able to get the money to pay the instalments. Durable consumers' goods are safer than perishable consumers' goods; few of us like "to pay for dead horses." When clothing is worn out and discarded, or out of style, it is hard to keep on paying for it out of a meager income. But if the purchase of a radio means that we are more often at home and spend less money on the movies and the theater, or buying an automobile leads us to take that form of recreation in place of other, and sometimes more expensive, forms, then such purchases are a wise investment.

Advantages and disadvantages of instalment buying. Instalment buying has its opponents and its defenders. Those who oppose it say that it leads to extravagance, that it

encourages people to buy more than they need, or can really afford, and runs them into debt; that it costs more than buying for cash, and that frequently the goods are inferior; that it puts the emphasis on the ease with which the article may be possessed and not upon the debt incurred; that it creates a definite obligation without assuring the means of payment, since income is never certain; that it sets up false standards of living that the average man cannot keep up with; and that it is liable to consume that part of the income which should go into permanent saving.

On the other hand, those who favor it feel that it helps the man on a small salary to raise his standards of living by buying more of the comforts of life; that it encourages thrift because people save to meet the payments; that the buyer has the use of the article while he is accumulating the money; that it makes it as easy to get durable consumers' goods as perishable consumers' goods; and that it is much easier to pay in instalments than to pay the whole sum at once, even if one buys on credit.

The truth probably lies somewhere between these two extremes. We certainly cannot approve of the weak-minded individual who is always being persuaded by "high-pressure" salesmen to buy different articles on the instalment plan, until he has contracted to pay each month more than his entire monthly income. On the other hand, many a washing machine, vacuum cleaner, radio, or automobile can bear witness to the help which instalment buying gives in the purchase of these very valuable aids to work and enjoyment.

Increase in cost of living. It costs more to live in the world today than it did a generation or two ago. In those days, toothbrushes did not seem to be quite so necessary, nor did we all "see our dentists at least twice a year." Many children did not wear shoes and stockings to school. Education, above a "common schooling," did not seem so essential. Recreation was simple and less expensive. Houses and house furnishings cost less. Food was much cheaper.

But year after year the demands of an increasingly complex society are becoming greater.

Not only that, but as the individual goes through life his needs and desires continually increase. Each generation wants to start where the preceding generation left off. It wants more home comforts. It wants to make more desirable social contacts, especially if there are children in the family, and such contacts are likely to be more expensive. Children in the family, too, should mean increased life insurance, and money set aside for their education. Many people look forward to travel. The civic demands of the community increase.

That is why it is so necessary for young people to look far ahead in life and not merely live from day to day. A young family may establish a home beyond their means because the house is so exactly what they have wanted, even though its cost is more than they can really afford. They do not realize that such a house will require more money for furnishings, for upkeep, and for operating expenses; that if the neighborhood is especially desirable they must be continually spending money to keep up appearances; and that the pleasure they get from a lovely home may not be able to make up for all that they must sacrifice in order to have it. So, too, with the too early purchase of an automobile, with extravagant entertainment, with too expensive clothes. The worry which arises from constantly being in debt, and the resulting nerve strain which prevents a happy home life, are far too great a price to pay for merely material things.

Balancing our spending. All this does not mean that a family should practice the questionable virtue of going without *all* the things they want. On the contrary, they should keep up a high standard of living, with as many of the labor-saving devices as their circumstances warrant and with the comforts of life which are within their means. They should see to it that their children receive as good an education as is financially possible along the lines in which each is

especially well qualified; they should share in community activities; and they should provide for those years in which they will no longer be making an income. But they should be careful not to waste; they should see to it that each dollar brings in the maximum of comfort and enjoyment—with no regrets for money ill-spent.

SPENDING OUR INCOME

1. Discuss the wisdom of these statements as a principle in the use of money.

Make saving the first obligation

Spend the balance wisely

Keep out of debt

2. In which case is the use of credit more justifiable—in the purchase of the personal and household needs of the individual or family, or in the transaction of commercial business? Why? Do you think in business it is wiser to borrow money to pay current expenses or to expand the business?

3. Which individual is likely to be more economical in buying—one who buys for cash or one who buys on credit? Which do you think will be better off in the long run? Why?

4. How does a charge account at a store operate? What are its advantages and disadvantages?

5. Tabulate the comparative advantages and disadvantages of cash and credit buying. Collect material relating to this problem, suitable for a bulletin board.

6. Contrast the difference in buying a pleasure car and a delivery truck on the instalment plan.

7. Work out a set of rules for determining what, and how much, should be purchased on the instalment plan.

8. Which would you rather do, save money and let it draw interest in the bank until you had the money to pay for the commodity in cash, or buy it on the instalment plan? What arguments are there for and against each method?

9. Consider the soundness of the statement: "Never go into debt for anything that will depreciate in value, unless it will save money or labor in the management of the business or the home." Name articles which would save money or labor.

10. Discuss the following statement: "American prosperity rests largely on the increasing sale of luxuries. The most serious threat to our prosperity would be a wave of thrift."

CHAPTER XXI

SAVING OUT OF OUR INCOME

The purpose of saving. "A penny saved is a penny earned" may not be literally true, but it is worth thinking about. However, that does not mean merely hoarding money for its own sake, as a miser does. The primary purpose of saving money is to have capital to fall back on in case of future needs. The creation of capital has three steps: first, surplus—there must be more than is used up in the satisfaction of immediate wants; second, saving—this surplus must be set aside and not consumed; third, investment—it must be put to some productive use. With most of us, then, capital is the difference between what we earn and what we spend for current needs. It is a general rule that by the time a man is sixty he either has accumulated \$10,000 worth of property or more, or he has accumulated little or nothing. It seems to depend a good deal on how he starts in life. If he starts living within his income, unless he has a series of misfortunes, he will have accumulated a tidy sum by the time he is sixty. Unless he starts living within his income, he will never accumulate anything.

There are so many ways in which savings prove to be useful. All sorts of commodities—coal, clothing, food, house furnishings, and even houses—can be bought at the time when they are cheapest. Savings may be used to purchase goods, etc., which are too expensive to be bought out of current income—an automobile, a radio, or a trip abroad. Some people who have great difficulty in saving on general principles, are able to save a great deal when they have some such desirable object clearly in view. Savings may be used

to help out in community needs. One other use of savings is not so obvious, but is perhaps the most valuable of all: they furnish a sense of security that is impossible for a person who lives a hand-to-mouth existence to experience. A threatened illness is much more disastrous to a person with no savings to fall back on; his very worry over what will happen is likely to interfere with his speedy recovery. The loss of a position is not so great a tragedy to the one who has sufficient savings to enable him to look around for some desirable position instead of being forced to take the first possible opening which will bring in money.

HOW MUCH MONEY DO YOU WANT AT AGE SIXTY?

This table shows how much must be invested each month at your age at 5 per cent interest compounded semiannually in order to reach your goal.

Your present age	Amount desired at age sixty					
	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$50,000
20	\$3.31	\$6.61	\$9.92	\$13.23	\$16.53	\$33.07
21	3.50	7.01	10.51	14.01	17.51	35.03
22	3.71	7.42	11.14	14.85	18.56	37.12
23	3.94	7.87	11.81	15.75	19.68	39.36
24	4.18	8.35	12.53	16.70	20.88	41.76
25	4.43	8.87	13.30	17.73	22.16	44.33
26	4.71	9.42	14.13	18.84	23.55	47.09
27	5.01	10.01	15.02	20.02	25.03	50.06
28	5.32	10.65	15.97	21.30	26.62	53.25
29	5.67	11.34	17.01	22.67	28.34	56.69
30	6.04	12.08	18.12	24.16	30.20	60.40
31	6.44	12.88	19.33	25.77	32.21	64.42
32	6.88	13.75	20.63	27.51	34.39	68.77
33	7.35	14.70	22.05	29.40	36.75	73.50
34	7.86	15.73	23.59	31.46	39.32	78.64
35	8.43	16.85	25.28	33.70	42.13	84.26
36	9.04	18.08	27.12	36.16	45.20	90.40
37	9.71	19.43	29.14	38.86	48.57	97.14
38	10.46	20.91	31.37	41.83	52.28	104.57
39	11.28	22.55	33.83	45.11	56.38	112.77
40	12.19	24.37	36.56	48.75	60.93	121.86
42	14.33	28.67	43.00	57.34	71.67	143.35
44	17.06	34.12	51.18	68.24	85.30	170.59
46	20.61	41.21	61.82	82.43	103.04	206.07
48	25.39	50.78	76.17	101.57	126.96	253.92
50	32.16	64.31	96.47	128.62	160.78	321.55

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Assumption—Income of \$3,000 remains the same from year to year.

Per cent of salary saved	33 $\frac{1}{3}$ %	25%	20%	16 $\frac{2}{3}$ %	12 $\frac{1}{2}$ %	10%
Yearly savings.....	\$1,000	\$750	\$600	\$500	\$375	\$300
Living expenses....	2,000	2,250	2,400	2,500	2,625	2,700
	Accumulated Savings					
Years	1/3 Savings \$1,000	1/4 Savings \$750	1/5 Savings \$600	1/6 Savings \$500	1/8 Savings \$375	1/10 Savings \$300
10	\$12,772	\$9,579	\$7,663	\$6,386	\$4,789	\$3,831
12	16,174	12,130	9,704	8,087	6,065	4,852
14	19,929	14,947	11,957	9,964	7,473	5,978
16	24,075	18,056	14,445	12,038	9,028	7,222
18	28,650	21,488	17,190	14,325	10,744	8,595
20	33,701	25,275	20,220	16,850	12,637	10,110
22	39,276	29,457	23,565	19,638	14,729	11,782
24	45,429	34,072	27,257	22,715	17,036	13,628
26	52,222	39,166	31,333	26,111	19,583	15,666
28	59,719	44,790	35,832	29,860	22,394	17,915
30	67,995	50,996	40,797	33,997	25,498	20,398
32	77,130	57,848	46,278	38,565	28,924	23,139
34	87,214	65,410	52,328	43,607	32,705	26,164
36	98,344	73,758	59,006	49,172	36,879	29,503
38	110,630	82,972	66,378	55,315	41,486	33,189
40	124,191	93,143	74,514	62,095	46,571	37,257
42	139,160	104,370	83,496	69,580	52,185	41,748
44	155,683	116,762	93,410	77,841	58,381	46,704
46	173,921	130,440	104,352	86,960	65,220	52,176
48	194,052	145,539	116,431	97,026	72,769	58,215
50	216,274	162,205	129,764	108,137	81,102	64,882

From "How to Get Ahead Financially," by William A. Schnedler.

Example.—If you save one-third of your salary and invest this saving at 5 per cent, your living expenses

RETIREMENT FUND

Savings invested at 5 per cent interest compounded semiannually

Per cent of salary saved	33 $\frac{1}{3}$ %	25%	20%	16 $\frac{2}{3}$ %	12 $\frac{1}{2}$ %	10%
Yearly savings.....	\$1,000	\$750	\$600	\$500	\$375	\$300
Living expenses....	2,000	2,250	2,400	2,500	2,625	2,700
	Income from Savings					
Years	1/3 Savings \$1,000	1/4 Savings \$750	1/5 Savings \$600	1/6 Savings \$500	1/8 Savings \$375	1/10 Savings \$300
10	\$639	\$479	\$383	\$319	\$239	\$192
12	809	607	485	404	303	243
14	996	747	598	498	374	299
16	1,204	903	722	602	451	361
18	1,433	1,074	860	716	537	430
20	1,685	1,264	1,011	843	632	506
22	1,964	1,473	1,178	982	736	589
24	2,271	1,704	1,363	1,136	852	681
26	2,611	1,958	1,567	1,306	979	783
28	2,986	2,240	1,792	1,493	1,120	896
30	3,400	2,550	2,040	1,700	1,275	1,020
32	3,857	2,892	2,314	1,928	1,446	1,157
34	4,361	3,271	2,616	2,180	1,635	1,308
36	4,917	3,688	2,950	2,459	1,844	1,475
38	5,532	4,149	3,319	2,766	2,074	1,659
40	6,210	4,657	3,726	3,105	2,329	1,863
42	6,958	5,219	4,175	3,479	2,609	2,087
44	7,784	5,838	4,671	3,892	2,919	2,335
46	8,696	6,522	5,218	4,348	3,261	2,609
48	9,703	7,277	5,822	4,851	3,638	2,911
50	10,814	8,110	6,488	5,407	4,055	3,244

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cent compounded semiannually, then your income from investment will equal in twenty-two years.

Savings accounts. The commonest means of saving is, of course, the savings account in a bank. Even the children in the elementary schools are able to do this, and it is the most convenient way of saving regularly. It should provide for the emergencies that arise from day to day, as well as to furnish a permanent fund for investment, for life-insurance premiums, for house buying, for comforts and luxuries as they can be afforded, and—most important of all—for financial security in old age. One very satisfactory thing about a bank account in which we save money for investment or for purchase is that all the time the money remains in the bank it is drawing interest. As one person put it, "Instead of working for your money, you are letting your money work for you."

The amount one should save out of his earnings depends upon so many conditions that no fixed percentage can be named as the correct one. A person with a very small salary cannot save so large a percentage as one with a larger income. A person who has only himself to look after should be able to save more than one who has dependents. A person with excellent health should be able to save more than one who is often ill. But almost no one has so small an income that he cannot save something.

Planning our saving. Saving is not always wisely done. Sometimes the saver has no particular plan for saving for permanent needs. He merely puts in, from time to time, what he has not already spent for what he felt to be his current needs. Sometimes the savings are withdrawn for unnecessary expenditures or for investment in stocks or bonds which do not offer real security. Sometimes, on the other hand, a person sacrifices his future earning capacity in order to put a little money in the bank. A little investment in himself at that time—in health, or in additional education or training—might bring in a far higher return later than the accumulated bank interest could possibly furnish. But one should be reasonably certain that the

money he is investing in himself will increase his earning capacity—buying articles of self-indulgence is not investing in oneself.

Consequently when we start to save, we should have a reasonable goal and a time limit in which to reach it. We should make a habit of setting aside a definite amount each month or week to be put in the bank, and of putting it there before we start spending. We should refuse to spend the money for any other purpose than the one for which we are saving it, barring emergencies, of course, and we should refuse to buy what we cannot afford.

School banks. Most boys and girls today are fortunate in having an easy way to get the saving habit—the school bank. We can save money in much smaller amounts—from a nickel up—than most banks could be bothered with, and the bank really comes to us instead of our having to go to the bank. At an early age we can begin to save for college or commercial school or a technical course, or for the summer vacation, or for something much less expensive. Meanwhile we will get the saving habit and will learn the satisfaction to be obtained from the possession of something which we could never have hoped to have without systematic saving.

Safeguarding our savings. The bank account is one of the safest ways in which to save and keep money. Well-managed banks are very careful to protect themselves and their customers, but one should be careful to select a bank that has been well managed for a long time. Our money cannot be withdrawn from the bank either by ourselves or another person without our signature for authorization, and this signature is compared with the signature on the card we filled out when we made our first deposit. If, for some reason, our handwriting has changed in the meantime, the money cannot be withdrawn until an investigation has been made and the signature proved to be a genuine one. The banks even keep on file such data as the age and names of relatives of the depositor as a means of identification.

Banks take still further precautions about money. They will not cash checks when presented for payment by persons who are unknown to them. Burglar alarms and protective systems are provided. Employees are under bond and the bank officials are—in most cases—men of integrity. Finally, the banks are under the supervision of the state and national banking departments.

Other uses of banks. But the bank has other uses than merely serving as a place where our deposits are kept, and as the institution which furnishes us compound interest. Most banks, because they themselves pay interest on the deposits out of money which they have made from the profitable investment of the depositors' money, are in a good position to advise these customers on investments in stocks and bonds, on home buying, on life insurance, or budgeting, and on the common problems that come up from day to day in the management of their financial affairs. Yet very few depositors realize that they may count upon the bank for such help.

Savings banks. There are two general types of banks—named for the principles on which they are organized—savings banks and commercial banks.

All savings banks in New York State, for example, are what are called "mutual banks." That is, they are institutions which have no stock and no stockholders. They are operated wholly in the interest of the only rightful owners of the banks—the depositors. In consequence, the profits of these banks belong to these depositors and not to private stockholders, and the trustees, the governing board, have no financial interest in these banks and serve without pay. The main business of such banks is to accept the savings of these depositors and invest their savings in securities, generally in real-estate mortgages, and in government, railroad, and public utility bonds—in accordance with the very strict banking laws of the State of New York. As a result, savings banks offer the very safest method of saving and investment.

Commercial banks. Commercial banks, on the other hand, have a great many more functions. They have checking accounts; they lend money on personal note; they administer trust funds, and act as executors of estates. They may accept savings, but that is not the chief purpose of these banks. In contrast to the mutual savings banks, these commercial houses have stock which is sold to the public as is stock in any other commercial business. Therefore they are owned by the stockholders to whom the profits are paid. They are less restricted by law in their investments than are the mutual banks.

Building and loan associations. Another type of institution which affords us service in saving is the building and loan association. The chief business of these associations is to aid people who do not have the money to pay cash for building a house, to build it on the instalment plan. A mortgage on the property of the borrower is given as security, loans are made on a fairly high percentage of the value of the property, though the directors are careful not to make the loans so high that the association will lose money if the payments are not made and the property passes into the hands of the association. These loans are "amortized," which means that the borrower pays a certain amount at stated periods, usually monthly. Part of these payments pays the interest on the loan, the rest goes to reduce the principal. At the end of twelve years, the loan is usually fully repaid and the mortgage is canceled.

Many building and loan associations offer savings accounts much the same as the savings banks. The saver takes out "shares" in the association, just as if he were paying for a house, but when the shares mature, in place of a house he has a sum of money which represents the amount he has paid in plus the interest. One advantage which such a method of savings has over a savings bank is due to a system of fines. The "dues" in the association are to be paid on a fixed date (usually of every month—the second Saturday,

the third Wednesday, etc.) and if the money is not paid on time there is a fine. As a result, most building and loan dues are paid promptly, while in a savings account in a bank nothing is done if we skip putting savings in the bank for a month or two.

Stocks and bonds. A savings account is the first and simplest way of storing the saved money in such a way that it will return an income to us; but it is not the only one, nor is it necessarily wise for us to keep all our savings in it. The best general rule is to keep in the savings bank enough money to provide for any ordinary emergency, and to place our surplus in other types of investment. One of the best ways of saving is to take out life insurance. This is especially recommended to those who have or expect to have others dependent upon them. Another good way is to put one's extra money into stocks and bonds for investment, but not for speculation. We should buy these securities to keep for the regular income which they will bring us, rather than for the purpose of resale at a higher price. We should be more concerned with the safety of our investment and the certainty of our income from it than with the possibility of a rise in price.

Security versus rate of return. The higher grade securities will give us a comparatively low return as compared with some of the speculative stocks, but they are more likely to keep their value, and even to rise somewhat; they are reasonably certain to keep up their interest or dividend payments and they are more likely to find a ready sale when we find it necessary to dispose of them. Many a poor man or woman has parted with hard-earned money because someone has painted a glowing picture of the profits to be made in gold mining. It is easy to show that in a few rare cases someone has made a fortune from a small investment in a gold mine, but it is well known that these cases are few and far between, and that most inexperienced investors who buy mining stock have said good-by forever to their money.



Drawn by Hanny

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EYES FRONT, ROLLO, EYES FRONT!

The appeal of this kind of investment is identical with the appeal of a lottery. No lottery ever existed or could exist that did not take in much more money in small sums than it pays out in prizes. This means that the vast majority of

those who buy such chances lose their money. From the very nature of the case a safe investment, which is known to be safe, cannot yield a very large return. The reason is that if it is known to be safe a great many people will be anxious to buy it; they will bid up for it until its price is so high that the annual return will only be a small per cent, say five per cent, of its sale price. Nevertheless, it is better to be safe than sorry. It is better to have five per cent with a certainty of getting your principal back than to lose even your principal on the remote chance of getting a larger per cent in the form of income.

If we are buying bonds, we should be sure that they are first grade, so that they will bring us a reasonable and constant income return, and that they are listed on various stock exchanges in order that they may be sold quickly if money is needed. The safest of all, and the easiest to dispose of, even though the money return may be less, are United States Government bonds. In buying stocks, we need to be even more careful, for we do not receive dividends unless the directors decide to pay them, and they do not generally declare dividends when the earnings of the company are low. We must remember that there are just as many fake securities on the market as there are fakes in any other line of business. For instance, mining stocks range from those issued by conservative companies which have been in business for years and have an excellent financial standing, to those which made Mark Twain say, "A mine is a hole in the ground owned by a liar."

Mortgages. One other way of investing money is by buying a mortgage on real estate. First-mortgage loans on good property are regarded as a very high-grade form of investment. The return is normally higher than that offered by savings banks (usually it is 6%) and is safer than stocks and bonds, for, barring an earthquake or another so-called "act of God," the property cannot be lost or carried away, and, since the value of the property is usually far greater than

the loan, the lender is fairly sure of getting back his money or property of at least equal value. Such mortgage loan usually runs from three to ten years, but the owner of the property is frequently glad to have it extended, while the holder of the mortgage is only too glad to leave his money where it earns a good rate of interest. However, if we need to put our money where we can quickly convert it into cash if necessary, we shall steer clear of mortgages as they are hard to dispose of without taking a loss.

Wise investment. In general, then, we should be very careful of our investments. It would be a wise thing for us to avoid the gilded promises that appear in so many letters offering stocks for sale. If a man about whom you know nothing offers a sure return of forty or even twenty per cent a year, and says that he is coming to you because he feels that it is not fair for the big operators to make all the profits, tear up the letter before you become dazzled by the glittering offer. No man who has a "sure-fire" proposition is going to sell the stock in small amounts to a hundred and one investors, when there are plenty of capitalists who are ready to invest millions in a certainty. Remember, always, that the greater the security the less the promised return.

Then, too, it is well to avoid going to brokers about whom we know nothing. There are a great many concerns which send out alluring advertisements to catch the unwary investor. But most of such advertisements are a snare and a delusion. They make us feel that they will give us the advantage of inside information which we could get in no other way. That is very true, but, unfortunately, the information will very likely prove unreliable. If we really know a broker personally and are sure of his integrity, it may be wise to invest in this way. Otherwise, do not forget that Barnum said, "There is a fool born every minute." Untrustworthy brokers make their fortunes by fleecing the "lambs."

The bank as a broker. There is one place, however, where it is wise for us to go for information on such matters—the banks. A bank which has a secure position in a community could not afford to risk that position by giving unwise or unreliable advice. Moreover, most banks are able to return interest to their depositors from the investments which these banks have made with the money, so they have to look up the investment question very carefully in order to know where it is best for them to place the bank's money. As a result, they have at their fingers' ends a mass of information on such matters, which is of great assistance to the small investor who may not have either time, brains, or opportunity to get the needed information about investments.

Advice of an expert. Andrew W. Mellon, Secretary of the United States Treasury, when asked his advice to investors gave these ten suggestions:

- (1) Do not buy stocks in mines you know nothing about.
- (2) Do not trifle with oil wells unless you are rich and can afford to lose.
- (3) Be wary of stock-selling schemes involving rights to new inventions. "A patent may be only the right to a lawsuit."
- (4) If you buy property, buy something close to home that you can see.
- (5) Beware of new companies that are going to sell by mail.
- (6) New manufacturing methods promising alluring profits to investors should be carefully investigated.
- (7) Do not make your investments in a hurry. Sleep over them.
- (8) Discredit tips on the stock market that are straight from the inside. If they are really good, you will never be let in.

(9) Do not speculate or buy stocks on margin.

(10) Do not put your money into another man's dreams.

Checking on investments. Even after our investments have been made, it will be wise to check up on them frequently as to market value and payment of dividends, disposing of any we do not wish to keep so that we shall not run the risk of having them depreciate too greatly in value or fail to pay interest or dividends regularly. All corporations, etc., are compelled to publish each year a statement of their business standing, and certain statistical concerns study these and rate the securities as to their relative strength. These studies are published and at a slight cost are sent to security holders who desire them, or since they are in the possession of most banks and all investment houses, we can go to our banks for advice based upon such facts.

Diversification of investments. People are beginning to see the wisdom of not "putting all their eggs in one basket." In other words, they distribute their investments in different fields. If one has only a very small sum, it is probably better to keep it in a savings bank. In case of sickness or other emergency it can be withdrawn. The ability to get our money when we want it is an important element in safety. Another investment may be safe in other senses; that is, we may be sure of getting our money some time, but unless we can get it at once in case of emergency, we are not in the safest possible position. After we have a few hundred dollars in the savings bank, we can begin to look about for other opportunities. One of the first things that ought to be looked after is life insurance. If we have others dependent upon us, this safeguards their interest in case anything happens to us. It will add appreciably to our general feeling of security. After we have taken out a small life-insurance policy, if we are able to save any more, we can begin to consider other forms of investment, such as a house or a share in the building and loan association, a bond

or a share of so-called gilt-edge stock; that is, a share of stock in a corporation that is known to be solvent, that has never failed to pay dividends, at least for a good many years. As our capacity for investment increases, the problem of diversifying our investment should be studied very carefully. Government bonds have the very highest degree of safety, but they yield a very low return on the purchase price. Some first-class public utility bonds, the bonds of some of the railroads and of some of the great industrial corporations, could then be considered. It is only after one feels reasonably secure that one can begin to take chances on stocks. But no one, unless he is prepared to lose money, should invest in stocks of new companies or companies whose solvency can by any possibility be questioned.

Of course new companies have to be financed, but the people who should do this financing are those who already have considerable funds safely invested and can afford to take chances. If one finds himself in this position of complete security, one may very well consider investing in new enterprises, always, of course, after careful investigation and after having convinced oneself that the new enterprise has a fairly good chance of success.

Service through investment. He who saves money and invests it wisely, does himself good in two ways. He gains directly by having an income in addition to his wages or his salary; he gains indirectly by making better conditions for everybody, including himself. It is easy to see that he gains directly. To have a hundred dollars invested, even at four per cent, is better than not to have it. It gives him four dollars a year over and above his other income; and four dollars a year, small as it is, is not to be despised.

And it is equally true that he himself, and everybody else, gains from improved conditions. If the money should go for quickly used consumers' goods, or be used to replace goods which had been destroyed, the same energy very naturally could not go into the production of other and more durable

goods. And, as we have seen before, the smaller the stock of goods to be divided among us, the less each of us will get.

There are good and sound reasons for the historical fact that conditions are good where there is much saving and investing, and bad where there is little saving and investing. To invest is not to hoard. It is to buy things needed for production instead of things which are good only for consumption. To buy tools, machines, buildings, etc., which aid in production, is to encourage their production. When many people are investing in such things, many will be produced, and industry will then be equipped with aids to production. In short, there will be many factories equipped with buildings, machines, and materials. This is a condition in which there is much employment.

Direct and indirect purchase of producers' goods. One may buy either directly or indirectly those things which aid in production. When a farmer buys a tractor rather than a luxurious automobile, he is buying directly a thing which aids in production rather than an article of consumption. If he has bought wisely, the traction engine will aid him in growing a larger crop, which is a good thing for everybody. The more farmers there are who save money and invest it in machines which aid in production, the better production we shall have and the better the world will be fed. This does not mean that the farmer should not have an automobile. If he has all the necessary tools and still has money to spare, he is probably wise to provide an automobile for his family's enjoyment. When a factory owner builds an addition to his factory rather than a new dwelling house, he is buying directly various things which aid in production. If he builds wisely, he will add to his income, which is a good thing for him. It will also add to the productive power of the community, which is a good thing for everybody. It is a good thing especially for the workers, because it will require more laborers to run the enlarged factory. In short, it increases the demand for labor.

Life insurance. After one has a small savings deposit, everyone who has dependents should take out life insurance. In simplest terms, insurance of any kind means the substitution of a small but certain payment for possible losses which might prove very large. For example, in buying fire insurance, a man prefers to pay a small sum a year for which (unless he has a fire) he will never get anything in return, rather than to run the risk of losing all he has if a fire occurs; in marine insurance, the owner of a vessel would rather pay a small sum each year or before each voyage the vessel makes, than run the risk of losing both ship and cargo by storm or fire. Consequently, in life insurance, the father or wage earner prefers to pay a small sum each year to feel the certainty that, if he dies, the family will have a definite sum upon which they can count entirely apart from his savings.

In one way, life insurance is different from all other kinds. An insured ship may never be lost; a workman covered by accident insurance may or may not be injured; but death comes at some time to all; the only question is *when*.

The earlier in life we take out insurance the smaller the annual premium; both because we shall probably pay more premiums and because there is less chance of our dying soon after being insured. For instance, for a person who took out insurance at the age of twenty the annual payment for a \$1,000 policy would be \$18.50, while for a person of forty it would be \$31.70, and for one of sixty, \$74.60. That is one reason why we should take out our insurance as early as possible, and should get it through an agent who understands his business and will give us advice as to the sort of insurance which will best fit our needs. As we are able, we should increase the amount of insurance and perhaps make special provision for such things as the education of children. We should, with the advice of the agent, decide whether the amount shall be paid to the beneficiary in a lump sum, or in instalments, or shall be left in trust for the beneficiary.



Drawn by Brown.

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THEY NEVER PAY MUCH ATTENTION TO SIGNS

Amount of insurance. The amount we should take out would depend upon how much we are making and how much of this must be spent for absolute necessities, like a minimum of food, clothing, and shelter; how many people we must provide for, and for how long; whether we want to see to it that one or more children have a college education; whether we want to take out insurance to provide money for our business in the event of our death—and so forth.

Many of us avoid the life insurance agent, and class him with the man who comes to sell flat-iron holders, or aluminum cooking utensils, or a set of books we do not want. We postpone buying insurance for a long time, and even then take out only a little, perhaps promising ourselves to increase the amount—but never doing it. It is perfectly right not to let an agent push us into doing something which we do not understand or for which we are not ready; but we should welcome the insurance agent—perhaps several of them, in order to see which company can best fill our needs—and should talk over just what we want to do and what we can afford to pay.

Types of life insurance—ordinary life. There are three ways in which we can pay for life insurance—single premium, “long-as-you-live” ordinary life, and limited payment. Let us see what these mean. Let us consider, for example, a teacher. “He seldom has a sum of sufficient size at any one time to meet the cost of a single-premium policy, but the annual premium is in all probability within his reach. His salary is paid at regular intervals and he no doubt prefers to meet his bills in the same manner. Moreover, his salary, although small, is rather definitely assured over a long period of years and at the end of that period he is sometimes pensioned. The term policy¹ is available to him, but he may prefer a more permanent form of policy even though for a smaller amount. Therefore it is quite likely that he will take out a ‘whole-’ or ‘ordinary-life’ policy and pay an annual level premium as long as he lives.”²

Limited payment. For an example of the advantages of the twenty-year payment, we might take the case of “an actor who is twenty-five years of age and whose present earnings are very large. He figures that at best he cannot retain his skill and ability to amuse audiences beyond fifty-five years of age, and the question arises in his mind of how

¹ Insurance for less than the whole duration of life.

² *Insurance Principles and Practice*, Riegel and Loman (© 1929, Prentice-Hall, Inc.), p. 94.

to meet payments after that time. The solution of his problem is a limited-payment policy; either a twenty- or thirty-payment life exactly fits his needs. The annual level premium on a twenty-payment life policy for \$1,000 at age twenty-five, is \$30.40, compared with \$20.70 for the ordinary-life contract. For a difference of \$9.70 he makes certain that when he reaches forty-five years of age his insurance will be fully paid for the balance of his life, regardless of how long he lives, and he obtains exactly the same protection which the ordinary-life policy affords. The company has collected a higher premium, but in return has promised that no more premiums shall be due after a certain date, no matter how long the insured continues to live. After the payment of the first premium, the proceeds are payable at death if the policy has not lapsed. . . . If the insured should be so unfortunate as to die shortly after the policy is issued, he has, of course, paid more for the protection than under the ordinary life plan. On the other hand, however, if his life exceeds the usual span he has paid less than under the ordinary plan. Possibly fifteen per cent of all contracts issued are of the limited-payment type.”¹

Endowment policies. Now, what about those of us who have no dependents and no one for whom we wish to provide, but who feel we should like to have some extra income after we have passed the years in which we are able to earn? We can take out what is known as an “endowment policy.” By paying premiums for a specified period of years we can count on a sum of money—either in a lump sum or instalments—which we may call annuities—as we prefer.

“. . . An illustration may help to make this clear. If we take the case of a well-known New York financier who received an income of \$50,000 annually, but who was not able to save any of it, we can realize how many persons with a smaller income are frequently in a similar position. This

¹ *Insurance Principles and Practice*, Riegel and Loman (© 1929, Prentice-Hall, Inc.), pp. 97, 98.

gentleman, one of the ablest financial men of his time, spent his salary as rapidly as it flowed in, and all attempts to save any of it were futile. This worried him, as he was fully conscious that the time was approaching when his income would diminish and he would have nothing laid aside for the proverbial rainy day. An insurance salesman suggested an endowment policy as a means of saving his money, and at the same time providing family protection. The combination of these protection and investment features appealed to him and he was insured for \$100,000 on a twenty-year endowment policy.

"A situation with less money involved is frequently encountered, particularly among younger men, and a contract which compels them to lay aside a certain sum periodically acts not only as an incentive to save, but actually forces thrift upon them.

"To give another illustration of the usefulness of an endowment, a person with a small amount of cash may safely purchase a home with a lien against it and provide for the retirement of the mortgage with an endowment policy. The advantage is that, in event of premature death, the proceeds of the policy will be available immediately and prevent possible foreclosure. If he adopts the method of paying the debt by saving a certain amount each year, an untimely death may cut this short, while an endowment meets this contingency and the sum is assured either at death or at the end of the endowment period."¹

How can life insurance companies afford to sell us this financial protection at so small a cost? It is due to what is called, in insurance language, "the law of average."

One advantage of modern insurance makes it a much safer investment than insurance used to be. Formerly, if for any reason one failed to keep up one's premiums, or did not wish to keep them up, one lost all he had previously

¹ *Insurance Principles and Practice*, Riegel and Loman (© 1929, Prentice-Hall, Inc.), pp. 98, 99.

paid in. Now, at any time, the unexpended portion of what has been paid in (the reserve) may be withdrawn, with interest, but minus a small surrender charge. Not only that, but at any time when money is needed temporarily, a loan may be made from the insurance company, with the reserve as security—the amount borrowed, of course, being smaller than the reserve. In other words, because the insurance companies know approximately how many people out of a hundred thousand die at each age, they know what the *chances* are that each individual will die. Of course, they cannot tell which ones of us death will take. They are not interested in that, although we are. But they can tell the amount that will, in all probability, have to be paid, and they base their charges on that knowledge.

AMERICAN EXPERIENCE TABLE OF MORTALITY

<i>At Age</i>	<i>Number Surviving</i>	<i>Deaths</i>	<i>At Age</i>	<i>Number Surviving</i>	<i>Deaths</i>
10.....	100,000	749	35.....	81,822	732
11.....	99,251	746	36.....	81,090	737
12.....	98,505	743	37.....	80,353	742
13.....	97,762	740	38.....	79,611	749
14.....	97,022	737	39.....	78,862	756
15.....	96,285	735	40.....	78,106	765
16.....	95,550	732	41.....	77,341	774
17.....	94,818	729	42.....	76,567	785
18.....	94,089	727	43.....	75,782	797
19.....	93,362	725	44.....	74,985	812
20.....	92,637	723	45.....	74,173	828
21.....	91,914	722	46.....	73,345	848
22.....	91,192	721	47.....	72,497	870
23.....	90,471	720	48.....	71,627	896
24.....	89,751	719	49.....	70,731	927
25.....	89,032	718	50.....	69,804	962
26.....	88,314	718	51.....	68,842	1,001
27.....	87,596	718	52.....	67,841	1,044
28.....	86,878	718	53.....	66,797	1,091
29.....	86,160	719	54.....	65,706	1,143
30.....	85,441	720	55.....	64,563	1,199
31.....	84,721	721	56.....	63,364	1,260
32.....	84,000	723	57.....	62,104	1,325
33.....	83,277	726	58.....	60,779	1,394
34.....	82,551	729	59.....	59,385	1,468

AMERICAN EXPERIENCE TABLE OF MORTALITY (*Continued*)

<i>At Age</i>	<i>Number Surviving</i>	<i>Deaths</i>	<i>At Age</i>	<i>Number Surviving</i>	<i>Deaths</i>
60.....	57,917	1,546	80.....	14,474	2,091
61.....	56,371	1,628	81.....	12,383	1,964
62.....	54,743	1,713	82.....	10,419	1,816
63.....	53,030	1,800	83.....	8,603	1,648
64.....	51,230	1,889	84.....	6,955	1,470
65.....	49,341	1,980			
66.....	47,361	2,070	85.....	5,485	1,292
67.....	45,291	2,158	86.....	4,193	1,114
68.....	43,133	2,243	87.....	3,079	933
69.....	40,890	2,321	88.....	2,146	744
70.....	38,569	2,391	89.....	1,402	555
71.....	36,178	2,448			
72.....	33,730	2,487	90.....	847	385
73.....	31,243	2,505	91.....	462	246
74.....	28,738	2,501	92.....	216	137
75.....	26,237	2,476	93.....	79	58
76.....	23,761	2,431	94.....	21	18
77.....	21,330	2,369			
78.....	18,961	2,291	95.....	3	3
79.....	16,670	2,196			

Advantages of home ownership. "You live on the earth. Why not own a slice of it?" is the slogan of one real-estate operator, and to many people home ownership is one of the goals of saving. There are, of course, many advantages of owning your own home, besides the sense of pride that possession of almost anything carries with it. A home owner is more apt to have permanent neighbors, as he himself is more permanent. In a section where practically everyone rents his home, the population is continually changing and the social contacts are not likely to be so permanent nor so pleasant. The home owner is not so likely to move; even if he should want to, he would find it somewhat difficult to convert his property into cash. There is no landlord to raise his rent as soon as he gets his winter's coal in the cellar, or to sell the property so that he is forced to move for that reason. Permanence of residence, too, means that the children will have a better chance to complete their education in the same school or system of schools.

Being a property owner also changes a person's attitude toward many things. A property owner is likely to be more thrifty, since so few houses are bought outright and the family must become systematic savers. A property owner generally spends money in keeping his place in good condition, putting on a new coat of paint when necessary, making a garden, adding a fence or porch, etc., since he knows that he is the one who will probably enjoy these improvements, and that they all will add to the value of his property. A property owner is more apt to be an alert citizen. Since he pays property taxes, he is more interested in how the city's money is spent. Since he may have to pay his proportion if the street is widened, or new sidewalks or curbing are put in, he watches more carefully how the city's business is carried on, and whether graft or honesty is to be found among the city officials. He has a better standing among the business men of his community, since he is in possession of good security if he finds it necessary to borrow money, and if he has bought wisely, his investment is likely to increase in value.

Disadvantages of home ownership. Not all people, however, ought to be home owners, desirable though it be in most cases. A man whose business is unsettled, who may be transferred or have to move to another city or another section, is wise to postpone the buying of a home until he is settled. People who are interested in a home merely as a place to sleep and eat (and frequently not the latter) will find it more expensive than renting, since most of us are willing to rent, temporarily, a less desirable place than we should be willing to buy for permanent possession. People who do not enjoy "fixing up" a house are better off as renters. If all the painting, garden work, and "odd jobs" must be paid for out of the family purse, rather than the family energy, the poor budget is likely to be stretched to the breaking point.

Buying a house. But suppose that we are the kind of people who ought to buy a house and who are in a position

to do so. How should we go about it? Our first decision, of course, will be how expensive a house we should buy. Too many people are influenced more by their desires than by their ability to pay, and undertake more than they can really afford. The natural result of this is that they are kept with "their noses to the grindstone" for years, in order to meet the payments, and their standard of living in other directions must be lowered. One authority has figured out that a house costing the equivalent of two years' salary or income is a reasonable investment, providing that there is a sufficient down payment when the purchase is made.

Choosing the house. When we have decided what we can afford to pay, it is time to look for the house. We should decide on the general locality and then see what differences there are in cost and desirability of the different sections of this locality. It is well to deal with a reliable real-estate firm, since they are in a position to know what is available, and it is to their advantage to help us find what we want.

Location. Many things must enter into our final decision, both as to the general locality and to the house itself: is it near schools, stores, and churches? how long will it take us to get to our place of business or to the shopping centers? shall we have to go by bus, by electric, by the elevated, or by train? do we have a choice of transportation facilities, and how frequently do busses, trains, etc., run? have water, gas, electricity, streets and sidewalks already been put in, or shall we have to pay our share for these after we have moved in? what sort of fire and police protection is there? (Most of us never realize what a difference it makes how near we live to a hydrant until we come to take out fire insurance.) What about the drainage—will our cellar become a pond every time there is a heavy rain? are the streets well shaded or shadeless? what sort of neighbors will we have? are there any zoning laws, and if so, how will they affect us? what about the general neighborhood—are glue or fertilizer factories near by, or swamps, or ill-kept buildings, or very

noisy traffic? are we so located that if we wish to sell we can probably get a higher price than we originally paid for the property? All these things should be looked into before we decide to put our money into a home.

Structure and condition of house. The house itself needs careful observation, although changes are more easily made in a house than in a neighborhood. What about the general structure—is it frame, brick, stucco, or stone? is the house well built? is the exposure one that will furnish light and air? is there any danger that the house will settle in one corner so that cracks will appear in the walls? are there rooms enough for your needs? are they well arranged? is there sufficient storage space? are the lighting, heating, and plumbing arrangements satisfactory? is the cellar dry?

The condition of the house will determine in part how much we ought to pay for it? what repairs will need to be made and how expensive will they be? does the house need painting? is the roof tight? does the masonry need to be "repointed"? will many of the rooms need to be repainted and papered? what is the condition of the floors? shall we have to buy new screens, shades, or awnings? will the glass in the windows need to be reputtied? If there is little to be done, we can afford to pay more for the house than we could if we had to spend a considerable amount on necessary repairs.

Financing the purchase. When we find the house that we know we want to own, at a price we can afford to pay, then it is time to see about financing it. We ought to have good legal advice, either from a trustworthy lawyer or from a bank which has specialists along these lines. If we are not careful about such matters, we may find that we are responsible for larger payments than we expected, or we may find we do not have a clear title to the house and someone else will get it, and we shall lose what money we have put in. Perhaps the wisest thing to do is to have the title guaranteed, which means permanent protection.

How much of a down payment can we make? The larger the better, of course, since the smaller the payment the larger the carrying charges must be, and the greater the danger of losing the house. Many development companies offer houses which call for a very small down payment because they are most interested in getting the houses off their hands, but such houses often are not well built and will not stand up under even ordinary wear and tear. More care is taken to make the house attractive so that it will sell, than to make it sturdy so that it will last. The down payment should be at least from 15 to 30 per cent, and a 40-per-cent down payment is desirable. Moreover, when we make our down payment, we should be sure that we are leaving enough in the savings bank to meet any ordinary emergencies, and that there is enough life insurance provided for to look after the property in case of the breadwinner's death.

Mortgages. The rest of the purchase price, beyond the down payment, will probably be put into mortgages. If we have made a 40-per-cent down payment, we can probably get most of the balance taken up as a first mortgage by a savings bank—most, but not all, since a savings bank in New York, for example, may issue first-mortgage loans only up to 60 per cent of the value of improved property, and the value is less than the selling price, which included the seller's profit. Usually such mortgages are placed for three years, but generally will be continued or renewed, unless there is a decided decrease in the value of the property. Many people who own property never plan to pay off the first mortgage, as it is easier to sell a property with a mortgage on it than the same property without a mortgage.

Instead of applying to a savings bank, we may go to a building and loan association, and they may accept a mortgage for the 60 per cent of the selling price, since the law permits them to supply first mortgages at a somewhat higher percentage of the value.

If we have not provided for all our cost in the down payment and first mortgage, we must get a second mortgage. Second mortgages generally are placed for a period of three to five years and must be paid off in quarterly or semi-annual payments of about 4 per cent a quarter. If we can pay more than this, however, we should do so, for (in New York) unless the second mortgage is paid off before it expires (and at 4 per cent a quarter it will not be paid off) we must renew it, and pay a bonus of from 10 to 20 per cent.

Amortization. If we are wise, we shall make careful provision for the paying off of our debt on the house, which is known as amortization. We may pay sums at irregular periods to reduce the mortgage, but it is safer to make provision for paying regularly a certain sum on the principal in addition to the interest payments which we make.

Buying or building a house is really saving. It is, to be sure, the purchase of consumers' goods, but it will last long and save us rent all those years, and while we must provide

TABLE I¹

(A loan of \$1,000 at 5½ per cent interest repayable in five years by means of semiannual instalments of \$115.74, which includes interest and part of the principal)

PAYMENT No.	INSTALMENT	INTEREST	APPLIED ON PRINCIPAL	PRINCIPAL STILL UNPAID
1.....	\$115.74	\$27.50	\$88.24	\$911.76
2.....	115.74	25.07	90.67	821.09
3.....	115.74	22.58	93.16	727.93
4.....	115.74	20.02	95.72	632.21
5.....	115.74	17.39	98.35	533.86
6.....	115.74	14.68	101.06	432.80
7.....	115.74	11.90	103.84	328.96
8.....	115.74	9.05	106.69	222.27
9.....	115.74	6.11	109.63	112.64
10.....	115.74	3.10	112.64	.....
	<u>\$1,157.40</u>	<u>\$157.40</u>	<u>\$1,000.00</u>	<u>.....</u>

¹ See *Circular No. 7* (Revised) issued by the Federal Farm Loan Board, Washington, October, 1922.

for the repairs (perhaps an average of 2 to 3 per cent each year over a period of years) we shall certainly live better and more enjoyably than we should in a rented house. We know, too, that, if there is need, we can borrow with the

TABLE II

(A loan of \$1,000 at 5½ per cent interest payable in thirty-five years by means of annual instalments of \$65, which includes interest and part of the principal)

PAYMENT No.	INSTALMENT	INTEREST	APPLIED ON PRINCIPAL	PRINCIPAL STILL UNPAID
1.....	\$65.00	\$55.00	\$10.00	\$990.00
2.....	65.00	54.45	10.55	979.45
3.....	65.00	53.87	11.13	968.32
4.....	65.00	53.26	11.74	956.58
5.....	65.00	52.61	12.39	944.19
6.....	65.00	51.93	13.07	931.12
7.....	65.00	51.21	13.79	917.33
8.....	65.00	50.45	14.55	902.78
9.....	65.00	49.65	15.35	887.43
10.....	65.00	48.81	16.19	871.24
11.....	65.00	47.92	17.08	854.16
12.....	65.00	46.98	18.02	836.14
13.....	65.00	45.99	19.01	817.13
14.....	65.00	44.94	20.06	797.07
15.....	65.00	43.84	21.16	775.91
16.....	65.00	42.68	22.32	753.59
17.....	65.00	41.45	23.55	730.04
18.....	65.00	40.15	24.85	705.19
19.....	65.00	38.79	26.21	678.98
20.....	65.00	37.34	27.66	651.32
21.....	65.00	35.82	29.18	622.14
22.....	65.00	34.22	30.78	591.36
23.....	65.00	32.52	32.48	558.88
24.....	65.00	30.74	34.26	524.62
25.....	65.00	28.85	36.15	488.47
26.....	65.00	26.87	38.13	450.34
27.....	65.00	24.77	40.23	410.11
28.....	65.00	22.56	42.44	367.67
29.....	65.00	20.22	44.78	322.89
30.....	65.00	17.76	47.24	275.65
31.....	65.00	15.16	49.84	225.81
32.....	65.00	12.42	52.58	173.23
33.....	65.00	9.53	55.47	117.76
34.....	65.00	6.48	58.52	59.24
35.....	62.50	3.26	59.24	.....
	<u>\$2,272.50</u>	<u>\$1,272.50</u>	<u>\$1,000.00</u>	.....

TABLE III¹

(A thirty-five-year amortization loan of \$1,000 at 5½ per cent interest, where additional payments are made on loan after five years)

PAYMENT NO.	INSTALMENT	INTEREST	APPLIED ON PRINCIPAL	PRINCIPAL STILL UNPAID	ADDITIONAL PAYMENT	PRINCIPAL STILL UNPAID
1.....	\$65.00	\$55.00	\$10.00	\$990.00	.....	\$990.00
2.....	65.00	54.45	10.55	979.45	.....	979.45
3.....	65.00	53.87	11.13	968.32	.....	968.32
4.....	65.00	53.26	11.74	956.58	.....	956.58
5.....	65.00	52.61	12.39	944.19	\$75.00	869.19
6.....	65.00	47.81	17.19	852.00	.....	852.00
7.....	65.00	46.86	18.14	833.86	.....	833.86
8.....	65.00	45.86	19.14	814.72	.....	814.72
9.....	65.00	44.81	20.19	794.53	50.00	744.53
10.....	65.00	40.95	24.05	720.48	.....	720.48
11.....	65.00	39.63	25.37	695.11	.....	695.11
12.....	65.00	38.23	26.77	668.34	.....	668.34
13.....	65.00	36.76	28.24	640.10	.....	640.10
14.....	65.00	35.21	29.79	610.31	100.00	510.31
15.....	65.00	28.07	36.93	473.38	.....	473.38
16.....	65.00	26.04	38.96	434.42	.....	434.42
17.....	65.00	23.89	41.11	393.31	.....	393.31
18.....	65.00	21.63	43.37	349.94	.....	349.94
19.....	65.00	19.25	45.75	304.19	25.00	279.19
20.....	65.00	15.36	49.64	229.55	.....	229.55
21.....	65.00	12.63	52.37	177.18	.....	177.18
22.....	65.00	9.74	55.26	121.92	25.00	96.92
23.....	65.00	5.33	59.67	37.25	.....	37.25
24.....	39.30	2.05	37.25	.....	.....	.....
	<u>\$1,534.30</u>	<u>\$809.30</u>	<u>\$725.00</u>	.....	<u>\$275.00</u>	.....

house as security, and in any great emergency we even can sell the house.

Before purchasing we should see what it will cost to finance the purchase of a house. Many people realize that there is so great expense only when they are called upon to pay the bill.

The following illustration taken from the "Syllabus in Economic Citizenship," published by the University of the State of New York, illustrates the approximate expense of financing a home.

¹Tables I, II, and III, are from *Elements of Rural Economics*, by T. N. Carver (Ginn and Company), pp 128-130, and are reproduced by courtesy of the author and publishers.

Considering a home costing \$8000, with a first mortgage of \$4,800 already placed:

Price, \$8,000
 Down payment, \$2,000
 First mortgage, \$4,800, 3 years, 6 per cent
 Second mortgage, \$1,200, 3 years, 6 per cent

Initial expense:

Down payment.....	\$2,000.00
Title search and insurance.....	92.00
Drawing bond and mortgage (second mortgage).....	7.50
Second mortgage tax.....	15.00
Recording deed and mortgage.....	7.50
Insurance on \$8,000 for three years.....	40.00
	<hr/>

\$2,162.00

Taxes adjusted—probably \$20 to \$50

Expense first year:

First mortgage interest.....	\$288.00
Second mortgage interest.....	72.00
Second mortgage payments.....	192.00
Water.....	10.00
Taxes (approximate).....	150.00
Coal (about 1½ tons per room).....	144.00
	<hr/>

\$856.00

NOTE: The approximate expense of financing a house would vary somewhat, of course, with the locality. The above figures are based on conditions on Long Island, New York.

SAVINGS

1. Have you a bank account of your own? What does the bank do with the money you put in? How can it afford to pay you interest?

2. In what way does your putting money in the bank help society? How does it help you?

3. Can you remember any time when you have bought something and later regretted you had not saved the money?

4. How may a boy or girl who puts money in the bank be said to "buy indirectly those things which aid in production"?

5. What do you consider the chief advantages of a savings account?

6. What reasons can you see why people should not all save the same amount?

7. Find out just how a building and loan association works. What advantages does a building and loan mortgage have over an ordinary type of mortgage? What is the effect of the system of fines?

8. Which type of banks are the banks in your neighborhood?

9. Why would Andrew W. Mellon be a good man to ask about investing? Discuss each of Mr. Mellon's ten points.

10. The Better Business Bureau of New York City recommends getting the answers to at least the following questions from the salesman of securities which you are considering purchasing.

(1) What are the names and principal addresses of your employers and how long have they been in business?

(2) With what bank does your firm do business and what other references can you give?

(3) What were the assets (real worth) of the company in which stock is being sold, at the date of its organization, and what are the assets now?

(4) What are the company's liabilities?

(5) What are its earnings?

(6) How many times has interest or dividends on this security issue been earned in the past five years?

(7) Who are the officers of the company and what is their record of business activity during the past five years?

(8) What experience have these officers had in the business in which the company is engaged?

(9) Is this security accepted for collateral for loans at banks?

(10) What is the market for this security in the event I want to dispose of it?

11. Where would one get his money for investment?

12. What is the difference in purpose between an investor and a speculator?

13. What would be the effect of a decrease in prices on the value of a mortgage loan?

14. What are *consumers' goods*? What is the difference between perishable and durable consumers' goods? Give examples.

15. Keep a list of your expenditures for a week. Which type of goods do you spend more money for?

16. What durable goods do your parents provide for you? Do they spend a larger proportion of their income on durable goods than you do? Why?

17. What is the difference between *producers'* and *consumers' goods*? On which would a thrifty man be more likely to spend his money? Why?

18. Which of the following goods are producers' and which are consumers'?

A loaf of bread in your house	Your cotton dress or shirt
A loaf of bread in the store	A hoe
A girl's hair ribbon	A plow
Burglar's tools	A truck
A bale of cotton	A pleasure car

19. Consider whether there is any substitute for life insurance as a sure means of protection of a family. Consider why the following persons need life insurance, and whether they need any other type of insurance.

- (a) Father or mother with family
- (b) Anyone who has others dependent upon him for support
- (c) Those who expect to have a family, and, therefore, larger obligations
- (d) Single men and women who may want to leave money to others

20. What other reasons can you see for taking out insurance early, beside the fact that it saves money?

21. Ask your fathers and mothers what they would want to know about a house before buying.

22. If a house were to be sold very reasonably because the owner had been transferred to a distant city, do you think it would be wise to buy on a down payment of 10 per cent? Why or why not?

23. Why do purchasers prefer to buy property with a mortgage on it?

24. How would life insurance be a benefit in the following cases:

A man buys a house costing \$20,000 and pays \$10,000 down, the rest to be paid in monthly instalments over a period of years. He dies a month later. The real-estate business is slow and houses bring a low price.

A man has two children in school and he dies.

A man has an invalid mother and he dies suddenly.

25. Some persons object to the buying of an automobile on the instalment plan and yet they favor the buying of a house on the instalment plan. Justify their point of view with an economic argument.

26. Show how spending money to buy or build a house is really a means of saving.

CHAPTER XXII

PROVIDING FOR THE FUTURE

Looking ahead. We cannot "eat our cake and have it too."¹ We cannot spend all the money we earn as we go along, and still have money enough to look after ourselves when we have passed the age when we earn an income from work and have reached the time when we must retire. Most of us cannot have economic independence unless we have the foresight to plan for it.

"Hard work, honesty, good judgment, initiative, and other qualities are, of course, essential in the accumulation of wealth. Money may be secured without these essential characteristics, but men who do not have them either lose or spend their money after securing it. They seldom die rich. . . . The getting of money is comparatively simple, but the accumulation of money is a very difficult thing. A great many business men make money in their own industry, but lose much in outside ventures and in what they consider investments."²

Economic independence. For the head of a family, economic independence means more than just looking after his own needs; he must provide a good living for his dependents, unless or until they are able to look after themselves. "If a man is married, his dependents will consist of his wife and whatever children there may be until they have finished

¹ The Mother Goose rime tells the story of many a failure in life:

"I went with three cents to buy Dolly a dress.
What think you I saw? I'm sure you can't guess.
A red sugar horse, such a beautiful one!
I bought it and ate it, and now it is gone!

² *Enduring Investments*, R. W. Babson (The Macmillan Company), p. 1.

their education and are able to go to work for themselves. If his parents live to be old and are not self-supporting, they may look to him for all or part of their living."

In many cases, working people must retire from work at about 65 or 70 years of age, and they must have made provision for the years which lie beyond that, unless they are willing to be dependent upon relatives, friends, or public charity.

Amount of saving. The amount we can save for these years will depend partly upon the amount we earn. The amount we can earn will, as we have seen, be determined largely by our own native ability, reliability, and other personal characteristics, plus the education and training we have had and the demand for our particular type of work. But what we save will depend also upon how much we really must spend. A family with six children will spend more for necessities than will a family with three children. That will leave less of the income for either comforts or savings. Then, too, some families insist upon more present comforts and are willing to risk what the future may bring. In both cases—larger families, and greater immediate cost of living—the amount saved will be less.

A man with no dependents who could work as long as he lived would have little need to save; he could spend all he earned from year to year, and always be independent. But if he were discharged, because of old age or for any other reason, or if he were ill, he would have nothing to fall back on. If he had a wife and children, and died before these children were self-supporting, *he* would never know what it meant to be dependent or in want; but *they* would. We do not need quite as large an income after we have retired from work, since some of our expenses, such as daily traveling, lunches, etc., will be reduced. But few wish to reduce the general standard of living to which they are accustomed. That is why we should figure out carefully what we shall probably need, and save carefully toward it.



Drawn by Gallagher

THE SPENDTHRIFT'S UNWELCOME FOLLOWER

Gambling against time. Statistics show that 84 per cent of all the men who are still living at age sixty-five are dependent upon others. Only one out of a hundred will be wealthy—and four will have incomes (from property) at sixty-five. No doubt most of these men expected to be well off some day, but in most cases they did nothing but hope and expect. They followed no definite plan and were unwilling to make any sacrifices.

“A man who is not providing for the future is a gambler; he is betting Father Time that he can spend all his income for his present necessities, whims, and desires and still be independent and happy in the future. Since the odds are about twenty to one against him, you can see the chance he is taking. The only way anyone can beat the game of life

is to save as much as he can each week or each month for the future, without denying himself the necessities and some of the luxuries of the present.

“The great majority of people pass through two periods of dependency during their lives. The first is before they begin earning their own living, and the second is after they are too old to work. It should be the desire and determination of all of us to eliminate the latter period of dependency from our lives.”¹

Some people never earn enough really to save, although few of us should be unable to save at least a dollar a month all our working lives. Some receive too small wages; that is one reason why there has been so much interest taken in the minimum-wage question. Others have too much sickness; and the possible savings go for doctors' bills. Still others have too heavy obligations, such as dependent relatives or debts contracted by others of their family, which they feel a moral obligation to pay. However, most of us will not fall into any of these classes. Most of us will be able to save if we really have the desire.

Annuities. We shall, perhaps, not save enough to be able to retire on the income of our savings. We can, if we prefer, invest our savings in an annuity—an income for life, which is purchased for a certain sum of money. The amount of the annuity, of course, increases with the amount we invest, and the older we are when we start the annuity the larger it will be, since the chances are that we shall not need it as long as would a younger person. We may purchase an “immediate” annuity with a single premium, the payments starting six months to a year later; or we may purchase a “deferred” annuity with a series of premiums over a period of years, the payments commencing at the end of that time. Our annuity may be paid to us annually, semiannually, quarterly, or monthly, for a certain term of years, or for the balance of our life.

¹ *How to Get Ahead Financially*, W. A. Schnedler (©1926 Harper & Brothers), p. 11.

The insurance companies have figured out very carefully just how much they can pay, with safety and a reasonable profit. They have found out that after twenty years at four per cent, what has been paid in amounts to nearly thirty dollars for each dollar annual payment; in forty years the annual payment of a dollar would, with the interest, mean an accumulation of about ninety-five dollars. As we have seen, by the law of average, the companies know how many people, at each age, are likely to die each year. They know, too, how much it costs them to pay a dollar a year for every possible term of years, from one up, and from these sets of figures they determine the amount of the annuity. Commencing at the age of sixty-five, this amount would represent about an eight per cent return on the money invested; commencing at seventy-five, it would be about thirteen per cent.

Advantages of annuities. The chief advantage of the annuity method of payment is, of course, the security it offers. We may not, to be sure, get out of it all we have paid in. If we do not, however, since it means that we have died a little sooner than the average, it must also mean that we have not needed the money so much as if we had lived longer. On the other hand, no matter how long we live, we can be sure of a definite sum which will be paid to us regularly. And we shall probably be better off than if we took the lump sum of money and invested it for ourselves, since the insurance companies have a body of experts in investments who can invest our money with greater profit and safety than we could ourselves.

Pensions are really annuities, but the one who receives a pension has paid either nothing toward it, or only a part of the money which pays for the annuity. Some of the big corporations have shifted the risk involved by taking out group annuities from the insurance companies.

Wealth or poverty? Few of us plan to become wealthy, although most of us look forward to a "comfortable living."

WHAT WILL MY INCOME BE AFTER I RETIRE?

I hope to retire at the age of _____

My present age is..... _____

Remaining years of productive work..... (a) _____

1. Value of securities, building and loan shares and other interest earning investments..... \$ _____
 Less amount due or borrowed on securities..... _____
 Net interest earning investments.....(b) \$ _____

If Item (b) is invested at 5% interest compounded semi-annually for (a) years, this amount will accumulate to (see Table 1—on opposite page). (c) \$ _____

Example: If interest earning investments are \$5,000 and if you expect to retire in 20 years, then according to Table 1 your investments will accumulate to \$5,000 x 2.69 or \$13,450.

2. Present Annual Savings from Salary..... (d) \$ _____

If I continue my present rate of annual savings (d) and invest these savings and all interest received at an average interest yield of 5% for (a) years, these savings will accumulate to (see Table 2—on opposite page). (e) \$ _____

Example: If present annual savings are \$250, then according to Table 2 your total savings for 20 years will accumulate to \$250 x 33.70 or \$8,425.

3. Bank Balances..... (f) \$ _____

4. Cash Value of Life Insurance at retirement age..... (g) \$ _____
 (This may be obtained from insurance policies)

5. Total Assets at Retirement Period
 Not including Equity in Home (c + e + f + g)..... (h) \$ _____
 Equity in Home..... (i) \$ _____
 Total Assets (h + i)..... (j) \$ _____

6. Annual Income After I Retire

	<i>If Home Is Not Sold</i>	<i>If Home Is Sold</i>
Income from investments.....	\$ _____ (5% of h)	\$ _____ (5% of j)
Other income, such as pensions, annuities or inheritances.....	\$ _____	\$ _____
TOTAL ANNUAL INCOME.....	\$ _____	\$ _____

NOTE: After retirement, instead of spending only the income from your investments, you might spend a part of the principal plus the interest each year. In this case, your interest will grow smaller as the principal is reduced.

INTEREST TABLES REFERRED TO IN SECTIONS 1 AND 2 ON THE
OPPOSITE PAGE

TABLE 1

\$1.00 invested at 5% interest compounded semiannually will accumulate as follows:

Years	Amount
10	\$1.64
12	1.81
14	2.00
16	2.20
18	2.43
20	2.69
22	2.96
24	3.27
26	3.61
28	3.98
30	4.40
32	4.86
34	5.36
36	5.92
38	6.53
40	7.21

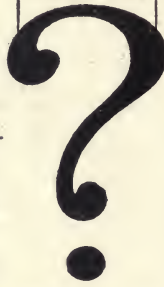
TABLE 2

\$1.00 per year invested at 5% compounded semiannually will accumulate as follows:

Years	Amount
10	\$12.77
12	16.17
14	19.93
16	24.08
18	28.65
20	33.70
22	39.28
24	45.43
26	52.22
28	59.72
30	68.00
32	77.13
34	87.21
36	98.34
38	110.63
40	124.19

From "How to Get Ahead Financially," by William A. Schnedler. ©1926 by Harper & Brothers
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Wealth has its advantages in the greater opportunity it gives for leisure, literature, art, music, travel, and all the other cultural advantages which make for a more complete development of personality. But it has its dangers too: friends are apt to be more interested in our money than they are in us; overindulgence in luxury may lead to dissipation; the members of the family are more apt to go their separate ways instead of sharing in a real family life; the training of the children is likely not to be so wholesome. "The most serious disadvantage under which very rich people labor, is in the bringing up of their children. It is well-nigh impossible for a very rich man to defend his children from habits of self-indulgence, laziness, and selfishness," said former President Eliot of Harvard University. On the other hand, we do not need to have pointed out to us the disadvantages of having too little to live on.



WHICH



Drawn by Gallagher

AS BOYS THEY STARTED WITH EQUAL OPPORTUNITY

If we can have enough to live on in comfort during the last years of our lives, we shall be glad to leave what is left over to those who come after us—our children, our relatives, our friends, or to worthy causes. In other words, if the income of our savings is sufficient for our needs, we should not rush to put our money into an annuity, but leave it where we feel that it will do the greatest good.

Safeguarding the future. No matter which way we decide upon as the best way to safeguard the last years of our life, we should begin as early as possible to prepare for it.

“When a man reaches the age of forty, he is not quite twice as old as he was on his twenty-first birthday, but if he wants to be well off at the age of sixty he must save four times as much each month. “If, for example, a young man at age twenty-one should make up his mind to have \$40,000 when he reaches age sixty, he would have to invest only about \$22 a month at 6 per cent compound interest. Whereas, if he does not reach this determination until age forty, then he must invest about \$87 a month.”¹

¹*How to Get Ahead Financially*, W. A. Schnedler (© 1926 by Harper & Brothers), pp.7-9.

So it will pay us to begin our saving for the future at the very earliest opportunity. Thus, without depriving ourselves of too many of the comforts of life as we go along, we shall find ourselves facing an old age not of worry and deprivation, but of serenity and financial security.

PROVIDING FOR THE FUTURE

1. Make a list of all the different incomes of persons you know. How great is the largest? How small is the smallest? How much is the difference between the two?

2. Note your budget for an income of \$1,500, \$3,000, and \$5,000 a year. How should these illustrate standards of living? What factors enter into standards of living? Show how a person's standard of living could be too high for his income by actual figures substituted into your budget. (Apply Engel's Law.)

3. At $5\frac{1}{2}$ per cent, how much money should a man need to have saved to bring in a yearly income of \$2,000?

4. Would a man need a larger sum of money now to retire than he would have needed 50 years ago? Give reasons.

5. Will he probably need a larger sum 50 years hence than he does now?

6. Is it easier to save money now than it was 50 years ago? Give reasons.

7. Why is it that with the same income and apparently equal obligations one family can save and another cannot?

8. Gather statistics regarding the number of dependent people in your community, city, and county, taken care of in private homes, in public institutions, etc., and account for their failure in the great business of living.

9. Discuss the possible ways a wage earner may live after he is forced to retire. Which of these ways could you classify as good and which bad?

10. Under what circumstances can people have economic independence without planning for it?

11. Why would it be advisable for an employer who is starting a pension system to set aside a certain sum every year for a pension fund?

12. What is the advantage to the state of granting old-age pensions?

13. Since many persons are unable to manage their money affairs, suggest a way of having this done for them. Explain how banks care for trust funds.

CHAPTER XXIII

HOW WE CAN COÖPERATE WITH THE STRANGERS WITHIN OUR GATES

Genetic and congregate population. If someone should ask each member of your class how he came to be in the particular town or city in which you live, some of you would undoubtedly say you were born there. Others might have arrived on foot, or by train, trolley, boat, automobile, or airplane. But one and all were either born in the locality or arrived there; there is no other way. And so it is with all people in all localities in the world; either they were born where they live, or else they came there. A population in which almost all the people were born in the locality is called *genetic*. One in which the number of people who have come there is large enough to have changed the quality of the population we know as *congregate*.¹

The migration of peoples. Most of us are willing to go to a well-stocked candy store or to a motion-picture theater when the show is in progress. Most of us would not cross the street to an empty store or to a closed theater. In like manner, people are apt to go where they can get what they want and to avoid places where they cannot. If the natural resources or the opportunities for getting a living in a country are good, other people are desirous of coming there; if they are poor, no one wants to come. Yet neither natural resources nor opportunities for getting a living are enough. If someone told you that a certain candy store was giving away pound boxes of candy, you would be ready to start at once to get yours. But if the person went on to explain

¹Giddings: *Principles of Sociology*, pp. 89 *et seq.*

that the store in question was in London or Paris, you would be apt to change your mind. It would be too difficult to get there. The *opportunities* would be good, but the *accessibility* would be poor.

It is these two factors which determine the migration of peoples. When both the opportunities and the accessibility are poor, as in a country like Tibet, no one wants to go there, and the only population is a genetic one. Moreover, it is not very large, because the lack of opportunities means death by starvation or pestilence whenever the population grows too large for the subsistence which the country affords.

If the opportunities are poor and the accessibility good, as in the case of the Scandinavian countries, it almost seems as though the population should be larger, because the country has some advantages. But on the contrary, "an easy way in" is only another way for saying "an easy way out," and many of the more ambitious and energetic people go in search of a land of greater opportunity. The country still possesses a genetic population, but is a smaller one even than in the preceding case.

With good natural resources but poor accessibility, the population is still genetic, not because the other people do not want to come in, but because the poor accessibility makes it so hard to get there. China is a good example of a country of this sort, with a genetic population, and a large one—as is always the case when the natural resources are good.

When the opportunities and accessibility are alike good, no one who lives in the country wants to go away and almost everyone who is not satisfied with home conditions elsewhere wants to go there. Unless immigrants are excluded, the population in such a locality soon is no longer genetic. Though a great many people are born in that country, the proportion of immigrants is so great that the entire character of the population is changed, and it becomes congregate. It is an easy thing to get good examples of such

countries. Any nation which has played a great part in world history is sure to have had this combination of good natural resources and good accessibility. If it has not had good accessibility by nature it has made it by building roads or ships. Its own people have spread through colonization and it has attracted others from the outside. Thus every great nation has had the problem of immigration, for good opportunities and good accessibility draw population just as surely as sugar draws flies in an unscreened house.

Immigration to America. That, together with the fact that immigrants have been welcome, explains why America has been a country of immigrants ever since about 1820. It has always had good opportunities; and since the discovery of America, the means of transportation upon which its accessibility depends have been steadily improving. Then, too, along with the growth and development of our nation, the opportunities offered to an incoming foreigner have improved. Beginning with the uncertain and toilsome pioneer life, the many and varied openings to be found in a manufacturing and agricultural country have developed, until the belief is current among people in many lands that gold is to be picked up in the streets of the city of New York.

Change in the character of immigration. With this change of opportunity has come a change in the character of the immigrant. Until the decade between 1880 and 1890, the greater part of those who came to our shores were from northwestern Europe. They came from the British Isles, Scandinavia, and Germany. They were inspired by the ideals of political and religious freedom which were being realized in the new democracy of the west, or were urged on by the greater chance for economic independence which the almost unlimited free land afforded. Since that time the larger proportion has come from southeastern Europe: Italy, Greece, Russia, and the Balkan states.

Recent authorities have made an interesting classification of European races. First is the Nordic, or Teutonic—tall, slender, long-headed, fair-haired, fair-skinned, blue-eyed. Then comes the Alpine—medium height and stocky, with a round head, chestnut hair, and hazel eyes. Last is the Mediterranean—slender but not tall, long-headed, dark-haired, dark-skinned, and dark-eyed. These types occupy, roughly, the northern, central, and southern parts of Europe, respectively, though the Russians who are not Semitic are largely an Alpine stock, and many people are of mixed race.

According to this classification, then, the colonists and earlier immigrants were largely Nordic, while the later comers were Alpine and Mediterranean. It was the English colonist, back in the days of the Jamestown and Plymouth settlements, who began the development of Virginia and New England; and the principal part of the population of this country has always been made up of the descendants of those who settled here in colonial times. The Scandinavian settler helped to develop the Minnesota and Dakota sections of the country, and left descendants to occupy the governor's chair and some of the senatorial seats. A German population located in the Middle West, and is especially to be remembered for its loyalty to the Union during the strenuous days of the Civil War. Many of the people of the North of Ireland had come over in colonial times, and the potato famine of 1846 made living conditions so unendurable throughout the whole of Ireland that thousands sought here the economic opportunity which was denied them at home. The Far West was settled by the descendants of the Middle West settlers, and the language, literature, and social customs were largely those of a Nordic people.

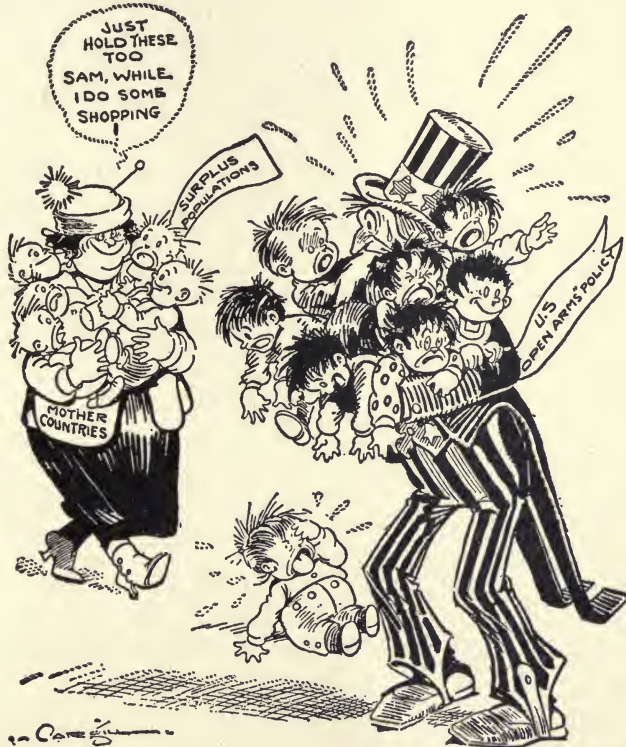
The problem of racial differences. That is why the change in the type of population was followed by increasing problems in regard to the immigrant. It is not at all a question of racial superiority, as some people would have us believe, but rather one of racial adjustment. The immi-

grant of Nordic stock comes to the country already furnished with ideas of government and ideals very similar to those of his Nordic brother who has been here for perhaps seven generations. He is possessed of a language which has much in common with the language which he finds spoken here. He finds it a comparatively easy thing to fit into the slightly different conditions of the country of his choice.

But with the Mediterranean and the Alpine immigrant it is far otherwise. He has many fine points: the Mediterranean has his keen sensitiveness to the beautiful, and his passionate sense of personal loyalty; the Alpine has sturdiness and an ability to work almost inconceivably hard. But these fine points are not those of the new country into which they have come, and indeed are scarcely realized—much less appreciated—by their new brothers. The language and the political and social ideas of America are not those to which they have been accustomed, and the process of becoming adjusted to the new environment is a difficult task. It is small wonder that these people congregate in the various sections of our big cities with others of their own nationality who understand them and whom they can understand.

The problem of overwhelming numbers. In the days when there was plenty of room in the new country, and when there were not enough men for the necessary development, any man who could work was welcome. But as the population increased, and as the number of these who were desirous of coming grew rapidly greater, especially those who desired positions as wage workers, there arose a necessity of limiting the numbers in some way and making at least a rough sort of selection. America might still be the land of opportunity, but for the sake of those already here, as well as for those who have sought safety and happiness in this country, it became necessary for it to protect itself from being overwhelmed by the vast numbers rushing in too rapidly to be assimilated. If our country had anything of

great value to offer to the world there must be no risk of losing it by trying to be too generous in offering employment to all the unemployed of the world. The problem became more and more difficult of solution as unemployment



Drawn by Cargill

Courtesy Kansas City Journal Post

"HELP!"

increased in other parts of the world, and as the peoples of other stock than the Nordic appeared in ever-increasing numbers. The question of limitation or exclusion became more and more imperative. If America was to be the "melting pot" of the races, she could not afford to fill the pot so full that melting together was impossible.

Earlier immigration laws. At first the exclusion had been of those whom no country would have desired to accept on any terms. The importation of contract labor was forbidden. Anarchists were excluded, as were those immigrating for immoral purposes, and convicts, unless the crime was a political offense not recognized by the United States. People who had no money or were likely to become public charges, insane or feeble-minded people, as well as those with infectious diseases—all were to be kept out. Immigration stations like that at Ellis Island, near New York, were provided to inspect and sort the new arrivals.

As the problem of the Chinese coolie became a serious one, since the Mongolian does not assimilate very readily with people of other races, the Chinese Exclusion Act was passed. No more have been admitted by law, but we still have a Chinese problem due to the fact that smuggling Chinese into the country is a profitable business. With the Japanese it is rather a different question, for the exclusion was at first provided for by a "gentlemen's agreement," as the result of which no passports were to be issued to Japanese laborers to come to America. Recently, however, the Japanese have been excluded by law.

Even these restrictions were not sufficient. Immigrants continued to pour in, and for the first time it seemed necessary to bar out some of the sane and healthy members of the white race who were desirous of entering the country. The first bar was the exclusion of illiterates—those lacking the ability to read. It need not necessarily be English in which the incomer was proficient, but he must be able to read in some language. The attempt at such a restriction had been made several times before, and in each case it had been defeated by the veto of a president. In 1917, however, even President Wilson's veto was not sufficient to prevent its being made the law of the land.

Recent immigration legislation. When the close of the World War left the countries of Europe impoverished and

debt-ridden, the wealth and economic opportunity of the United States became more and more desirable. The war had swept away the means of livelihood of many people of the educated classes, and these were as eager as the others had been to leave their homes and come to America. First three per cent of the number of each nationality according to the census of 1910 were admitted each year, then, as the cry arose that the new arrangement admitted too large a proportion of the southern and central European races, two per cent according to the census of 1890. In 1929 the present law was put into effect—that “the annual quota of any nationality shall be a number which bears the same ratio to 150,000 as the number of inhabitants in continental United States in 1920 having that national origin bears to the number of inhabitants in continental United States, but the minimum quota of any nationality shall be 100.”

Naturalization. Once the immigrant is in the country, he becomes at least a prospective citizen. If he is one of that always-welcome group who have come with a love in their hearts for the ideals for which America stands, he will undoubtedly become a citizen. If, on the other hand, he seeks here only the financial gain which will enable him some day to return to his native country and live in comparative luxury to the end of his days, he is very likely to fail to take out even his “first papers,” or neglect to complete his naturalization and thus become legally a citizen of the country which he expects to support him.

Foreign “colonies.” Suppose that the immigrant has shown a desire to become naturalized as rapidly as possible. Even then his presence here is likely to bring to us certain problems which the presence of the native-born does not produce. The later arrivals are usually not pioneers, and there is little desirable land available for them even if they wished to go out to new sections of the country. As a result, they crowd into the larger cities, generally in sections

where many of their own nationality are already living. The literacy test may have proved that they can read but not that they will know English. In consequence they find themselves more content in the foreign colonies where their neighbors speak the same language that they do, and where they are in no danger of being laughed at because their dress and customs are different from those of the people around them.

Crowded conditions and low standards of living. Unfortunately, the territory of even a large city is not elastic, and there is a limit to the height to which buildings may be reared; so the rents in a thickly-settled district are apt to be unduly high. Our friend who has just come over is not likely to have found a job that will pay him very high wages. Consequently the only way in which he can hope to have a place to sleep is by paying for a share of a room which he occupies jointly with a number of other people. He has not been used to such crowded conditions, and such modern institutions as the bathtub may be new to him. Such conditions, of course, are not likely to have a desirable effect upon his health, his morals, or his attitude toward the country of his adoption. He is not willing to move out into the suburbs, because his command of the English language is often not sufficient to enable him to make himself understood among people who have never spoken anything except English and who are inclined to look down upon or ignore anyone who is not able to speak it as fluently as they can. Moreover, whatever else his old country failed to afford him, it provided him with companionship, and he finds those of his own nationality far more likely than others to extend a welcoming hand to him. As a consequence he stays in the crowded city and helps to provide the problems that such congestion of population always has in its train.

Lowering of wages. He goes to work at whatever job he can find, and his wages are not likely to be at all high.

He needs work so badly that he will take anything he can get, and he learns to live on what he receives. He does not require many of the comforts of life. He will live in more crowded quarters than Americans in the same line of work are willing to live in. His whole standard of living is lower. Consequently he is willing to work for less pay.

So the American is crowded out of a job, or is compelled to work for lower wages. As a result, those of American stock are slower to marry and have fewer children to each family, and there is a tendency for the older stock to give place to the newer arrivals. The immigrant who has displaced the native stock crowds into the cities and raises his large families in the slums amid the filth, squalor, and misery that always follow in the train of an insufficient wage.

The immigrant and the political boss. Politically, too, our immigrant is responsible for the growth of a problem. Most of his contact with America and American ideals he must get from those with whom he comes in daily contact, and he is likely to offer his political allegiance to persons rather than to principles or ideals. He knows that a certain man will always help him when he is in trouble, take his family on an annual ward picnic, find him a new position if he has lost his job, send down a ton of coal if he has no money and the weather is cold, and see to it that he does not go without his Christmas and Thanksgiving dinners. Small wonder that he is willing to do so trifling a favor in return as casting his vote the way this kind friend requests, and that in consequence the district boss is able to deliver the vote of his immigrant friends.

The immigrant's obligation to us. After all, those who come to our country are our guests. We have a right to expect them to behave with the same courtesy and consideration that we should expect of a guest in our own home, and we have an equal duty to make them feel comfortable in their new surroundings. We do not welcome the guest who would make us change our habits of life entirely in

accordance with what he himself would like. We much prefer the one who adapts himself readily to our hours of rising, or eating, and going to bed, and who finds his enjoyment in the recreations in which we customarily indulge. If he himself has accomplishments, such as playing or singing or a gift for humor, he is all the more welcome because he can contribute to the enjoyment of others. If he is ready and willing to help with any work which needs to be done, we are glad he is with us because his sharing in the work makes it easier for the rest of us. Whether or not he receives an invitation to come again depends largely upon how he has adjusted himself to our ways of living.

So it is with the immigrant. To the extent that he can bring to us the understanding of beauty that is the gift of the Southern peoples, he is welcome. To the extent that he is an economic aid in the work we have to do, we are glad he is here. But when he tries to impose his standards of living and conduct or his ideas of government upon us, he is not only unwelcome—he is distinctly not wanted.

Our obligation to the immigrant. On the other hand, we must never forget that those who come here in the right spirit are our guests. If we are well bred we do not ignore our guests at home and feel that they are somewhat beneath us because they have not had the advantages which have been ours. Neither do we make fun of their language, their dress, or their manners. Sometimes, if they are with us long enough, we try to show by our example what ought to be done, and frequently they are very grateful and willing to learn. That is the only way we can hope to Americanize our immigrants. We must remember that difference does not mean inferiority.

A professor of economics in an American college, who himself came over as an immigrant in the steerage of a transatlantic liner, declared that when a man comes over to America we belittle his heritage, his background in his old country, and encourage him to forget all that and to

become an "American" as quickly as possible. So he learns the English language—frequently a mixture of pidgin English and slang. He puts on American clothes—generally ready-made ones which do not fit him very well. He reads the American papers of the yellow journal type—which give him a distorted idea of American life. And when the process is finished he is not an American; he has had no chance to get acquainted with what America really stands for; but neither has he kept his former nationality. He is neither one thing nor the other. Yet while immi-



Drawn by Guinness

A FAIR EXCHANGE

Both the country and the immigrant are gainers; each offers something to the other which, united, brings each nearer to his ideal.

grants arrive by the million it seems hard to avoid such a condition.

Merely recognizing the existence of a problem is only the first step toward solving that problem. It takes careful study and earnest thought on the part of those who are concerned. Like similar problems, the settlement of the immigration question lies in the hands of the American people; for Congress reflects the will of the people whenever the people have formed a clear-cut opinion on any subject and have taken enough trouble to impress their will upon their representatives. Our recent legislation dealing with the immigration problem heads in the right direction. A

physical examination is given to the immigrant at the port of departure. No passports are issued beyond the number allowed to each nationality by the present law. Hence the immigrant is spared the anguish of finding when he



Drawn by Pease

Courtesy Newark News

THE CARELESS FISHER

reaches this country that the doors of the "Promised Land" are shut in his face because he is physically unfit for entrance or because the quota of his nationality is already filled.

Training in citizenship. But getting the immigrant into our country by no means marks the end of our responsibility. If we do no more than that we are in the same class with a

woman who puts eggs, flour, butter, sugar, and flavoring into a baking dish, places it in the oven, and expects to have it come out a cake. There is a vast difference between the number for whom there is room in our country and the number which we can assimilate, which we can make a real part of ourselves.

The immigrant must be taught our language, our ideas, and our ideals. We must be willing to accept gladly from him those contributions which he is able to give, and respect him for his gift; and we must be careful to see that he learns all that is necessary to make him a good and useful citizen. In the movement known as Americanization, many states and local communities are thus trying to interpret America to the immigrant, and the immigrant to America. But we must never forget that, as Emerson says, "What you are speaks so loud that I cannot hear what you say." And we must remember that the immigrant will form his ideas not from what we tell him, but from our actions and our attitude toward him.

HOW WE CAN COÖPERATE WITH THE STRANGERS WITHIN OUR GATES

1. What is meant by accessibility? by opportunities? by natural resources? How does the United States stand in respect to these?
2. Complete the following diagram, showing the type and size of population in a country which has:

ACCESSIBILITY	NATURAL RESOURCES	POPULATION
Poor	Poor	?
Good	Poor	?
Poor	Good	?
Good	Good	?

3. What causes have led our immigrants to leave their old homes?
4. Why have immigrants been so anxious to come to the United States?
5. Look up the nationality of the immigrants who came here in 1860, 1890, and 1924. Make a chart showing how these compare.
6. In what ways has the change in the character of immigration since 1880 made the problem of immigration more difficult?

7. Make a poster showing the three racial groups.

8. Make a diagram comparing the Nordic, the Alpine, and the Mediterranean peoples as to height, figure, color of hair and of eyes, shape of head.

9. What can the Mediterranean race give to the United States? the Alpine? the Nordic? Which is the most easily assimilated? Why?

10. Get a pair of calipers and measure the heads of the pupils in the class. A "round head" is one the width of which—between the ears—is more than $\frac{1}{4}$ the length—from the forehead to the back of the head.

11. Why are not immigrants so welcome to our country today as they were fifty or a hundred years ago? Show how immigration is really an aspect of *place utility*.

12. What would happen if everyone who wanted to come to this country were allowed to do so?

13. Why were we surer of getting a desirable class of immigrants when our country was still undeveloped than we are now when it is so rich and prosperous?

14. What immigrants were excluded from the United States previous to the World War? Why did the immigration policy have to be changed as soon as the World War was over?

15. Do you think that we should admit no immigrants who cannot read or write in some language?

16. What are the advantages and disadvantages of a percentage limitation? Do you know of any cases where such a provision worked actual hardship on immigrants?

17. What are the provisions of the present immigration law? Do you consider them fair? Where are immigrants examined under the present law?

18. Why has America been called the "melting pot"?

19. Write a composition about an immigrant who came over here, telling how he felt in the midst of such strange conditions.

20. Why are immigrants who have come here because they have heard reports of high wages often bitterly disappointed? (See the Foreword.)

21. Make a diagram showing the number of foreign born in the United States; the number of persons of foreign parentage.

22. Why do immigrants tend to settle in little "colonies" in the various cities? What problems are due to such colonies?

23. Make a chart showing the racial composition of New York City. Is there likely to be a greater or a less proportion of foreigners in the smaller cities? Why?

24. Why are immigrants often willing to accept lower wages than Americans will? What does this mean to American labor? What can be done about this condition?

25. Why is the district boss so often able to control the vote of a foreign ward? Who is really responsible for this? Could a stop be put to it? How?

26. What can you find out about the method of procedure at Ellis Island?

27. Do you think that every immigrant should be compelled to become naturalized? Discuss fully.

28. Make up a little play showing the steps of naturalization.

29. What problems does the present immigration situation produce? How can these problems be settled?

30. What can we do as individuals to help solve the problem of immigration?

31. What have we a right to expect of the immigrant? What has he a right to expect of us? Does each side always get what it has the right to expect?

32. Why is the labor phase of immigration the chief cause of exclusion?

33. Do you know of any Americanization classes? What is done in them? How can we help along in this work?

34. Look up the changes in the immigration law in 1924.

CHAPTER XXIV

HOW WE CAN COÖPERATE WITH STRANGERS IN OTHER COUNTRIES

Understanding one another. Charles Lamb once remarked to a friend as the two passed another man on the street, "Oh, how I hate that man!"

"Why," said the friend, "how can you hate him? You don't even know him!"

"That's why I hate him," was the answer. "If I knew him I couldn't hate him."

Most of us find the same thing true in our relations with other people. Very frequently we find that people whom we thought we disliked have proved on further acquaintance to be very pleasant people. And we realized that the chief trouble with our relations with them before that time was that we did not understand each other.

That is what we are coming to realize more and more with regard to our relations with our brothers and sisters in other countries. We do not rub elbows with them upon the streets, but we are so closely connected with them today that we cannot afford to have our relations colored by misunderstanding and dislike.

America's early isolation. If we had been living here in the years before Columbus discovered America (we should have been Indians, of course) we should have had no relations at all with people on the other side of the Atlantic Ocean, because we should not have known of the existence of the rest of the world. Even after America had been colonized by European peoples there was comparatively little contact between the two sections, if we

except the periods of colonial war and the Revolutionary War, when for a few brief years the foreign governments were much concerned with their colonial possessions.

With the successful completion of the Revolutionary War, we in America felt that we were irrevocably done with all connection with Europe and with all "entangling alliances." This feeling was strengthened by the formulation of the



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THE RAVENS

Monroe Doctrine, which distinctly requested Europe to keep out of our affairs, and promised that we would do likewise. And had conditions remained the same indefinitely, there would have been no cause for changing our policy of "splendid isolation."

Changes in transportation and communication. But the slow-going sailing vessels developed into "clippers" which could cross the ocean in thirteen days. These in turn gave

place to the steam-driven ships which have grown today into the ocean "greyhounds" which can traverse the three thousand miles between Europe and America in five days, and the Lindbergh flight has proved Europe less than a day and a half from the United States. The possibilities of airplane travel can only be guessed at as yet. At the same time the slow postal service has been replaced by the cable, and the cable bids fair to make way for the radio, which will bind us so closely to the other side of the Atlantic that we can hear a speaker in London as quickly as can a Londoner; and we are promised that before long we shall be able to see as well as hear the speaker.

Commercial contacts. These changes in transportation and communication have brought us into immediate commercial contact with all the world. We get our tea from China; our coffee from Java or Brazil; our cocoa, perhaps, from Guiana by way of Holland; our sugar from the Philippine Islands or Cuba; our cheese from Switzerland; our cutlery from England; our toys from Germany; our hides, possibly, from South America or Australia. So it makes considerable difference to us now whether the channels of commerce are kept clear, and whether the distant production of all these commodities is carried on without interruption.

Intellectual ties. Americans who have the money go to Europe or Asia for a brief trip or for a longer stay in the various countries. Our students are found in European universities, and students from all parts of the world are found in ours. The Rhodes Scholarships are a deliberate attempt to make us understand the English and to make the English understand us through the educational institutions. And our policy of exclusion of Orientals does not include Chinese or Japanese students who may wish to study in this country.

Religious bonds. Ever since the time of the settlement of America there have been religious ties which have bound

us to the Old World. Much of the settlement of the French and Spanish sections of our country was a direct result of the activities of the Roman Catholic priests who had come over as missionaries. And the New England colonies were founded by dissenters who had left many others of the same



Drawn by Enright

Courtesy New York World

THE SPENDER

Although welcomed for the money he spends, the vulgar and self-assertive newly-rich tourist does not always make friends for his native land.

belief back in the old country. On the other hand, various denominations in America have sent out their missionaries to Africa and to the East to spread the doctrines which they believe should be carried to all mankind. And always they have served as interpreters of one part of the world to another.

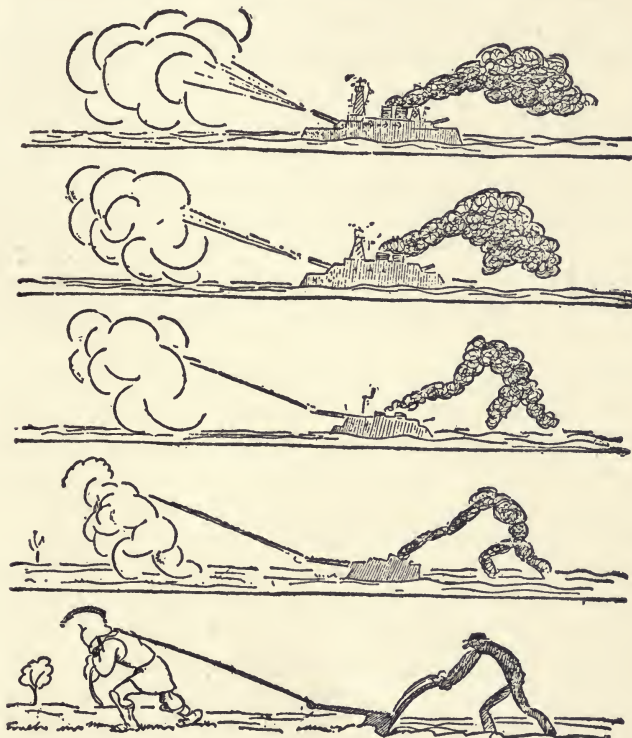
Political relationship. Most nations have their ambassadors and ministers, who represent the government in the capitals of foreign countries, and their consuls, who are "lookouts on the watchtowers of international trade," who visé passports of nationals of other countries, and look after the welfare of their own countrymen who may get into trouble and appeal to them for aid.

Immigration. The immigrants who came to us in such great numbers between 1840 and 1914 are ties which bind us more closely to the Old World from which they came. They have brought with them their racial likes and dislikes, their habits and tendencies, which cannot fail to have an influence upon our country however we may ignore them.

Link by link, in the years which have followed our establishment as a nation, a chain has been forged which has bound us inextricably with the rest of the world. It is no longer a question of whether we shall live together or not. The "annihilation of space and time" has answered that question. But the new question which arises to perplex us is how we shall live together.

Hostile relations. Too often relations between nations have been in the form of war. In peace, nations have seemed to be sufficient unto themselves, but they have not hesitated to sustain hostile relations with one another. They have fought for the preservation of dynastic supremacy, in other words, that some royal family or other might keep or extend its power. They have fought for religious conviction, that one doctrine might be spread and another checked or uprooted. They have fought for commercial advantage, that one nation might prosper at the expense of another. And every war has resulted in material devastation and in anguish of spirit. The productive energy of millions of people has been diverted from the creating of useful commodities to the preparation of agencies of destruction. And the world has repeatedly had to pay the cost of a struggle which resulted in great harm to the world.

While only a pacifist would say that war is never justified, war has never been truly constructive. At best it has sometimes prevented selfish and unfair aggrandizement, and given a chance for a later and more satisfactory settlement



Drawn by Frueh

Courtesy New York World

EVOLUTION

of disputed problems. Moreover, as the world has become more closely connected there has been an increasing tendency to involve the greater part of the world in conflicts which at the outset appear to be the concern only of the two countries which began the struggle. Methods of destruction have

become wholesale instead of individual; and with the recent scientific developments, such as the use of gas, another war might result in the devastation of half the world.

Unity by force. There are of course two ways in which the world may be unified: one, the subordination of all other nations to a military despotism, with no consideration for the rights and interests of any nation save the ruling one. Alexander of Macedon tried it, and for a few brief years the despotism he founded seemed successful. But the empire fell to pieces immediately after his death. Rome tried to achieve the same thing, and kept her position long enough to establish the ideal of the one great empire. This ideal remained in the minds of the ambitious all through the Middle Ages, and culminated in the schemes for world domination of Napoleon of France and William of Germany.

Unity by agreement. Yet such a development is not in line with the slow evolution of the government of individual nations. Step by step the political ideal has shifted away from an autocracy, where one man governs his people according to his own ideas of government. Some of these rulers governed well, and the country grew prosperous; others governed ill, and the condition of the governed was not enviable. But all government was dependent upon the disposition and whim of the ruler. In one country after another this ideal has been displaced by the ideal of a popular government. Sometimes it has been by a slow and gradual growth, as in England where the form of a monarchy still masks an extremely democratic government. Sometimes it has been the result of a revolution, as in France where the Reign of Terror wiped out in blood the mistakes of the Old Régime. In many cases this change to democracy has been the direct outcome of the recent World War. But always the goal has been government by the consent of the governed, and the method has been political coöperation of some sort.

International coöperation in religion. There have been numerous attempts at coöperation of various kinds. The Pope in Rome has always been looked up to as the spiritual head by all Roman Catholics, wherever located; and more recently there have been definite attempts at international federation among the Protestant churches, such as the International Federation of Churches and the World Sunday School Union.

International coöperation in commerce. In our commercial relations we have tried to arrange for some sort of coöperation. Every importing firm which establishes a branch in England, France, Russia, or Japan is helping to strengthen the bonds which tie the distant parts of the world to our own country. Its members are learning to understand the people in other countries and are helping to interpret the United States to the people who live in that locality. Every foreign firm which sends its representatives here is doing the same sort of work toward establishing a more perfect coöperation built upon a more complete understanding.

The tariff question. The growth of international commerce, however, has brought in its train a series of problems which must be settled satisfactorily if the commercial relations between nations are to be fair to both sides. The whole *tariff* proposition is an attempt to work out a way by which we can get along with other nations to the best advantage. We have tried to admit the goods of other countries whenever we do not feel that in so admitting them we are working a hardship on the people of our own country. There has always been a dispute about this point. One group has maintained that our industries are best safeguarded by being *protected*; that is, by imposing a tariff rate sufficiently high to keep out foreign goods which might otherwise enter into competition with them in our American markets. They feel that only by insuring such a market can the nation be properly independent of other countries and keep a high rate of payment for American labor. They

claim that unless tariff barriers are erected we run the danger of having other countries *dump* upon us any superfluous goods they may not be able to dispose of elsewhere, and so force down the price of American-made articles.

The other group, who want *free trade*, is equally certain that the best way to insure the continued prosperity of the United States is to let the localization of industry become international as well as national, and our country undertake to produce only what she can produce with profit in competition with the rest of the world. They claim that the high rate of American wages can be maintained because of the higher degree of skill on the part of the workers and the greater use of machinery in this country. They answer the dumping argument by declaring that there is no more danger that it will result from a free-trade policy than that protection will result in monopoly and profiteering. And they declare that if we keep our home markets to ourselves we are not likely to find the markets of the rest of the world open to us, since a country tends to buy where it can sell its own products.

International labor organizations. Labor, at least the extremely socialistic groups of it, has met in the First, Second, and Third Internationales. These are spreading the doctrine that the laborer has no real country; that the doctrine of patriotism is a snare and a delusion; and that the distinction to be recognized in modern times is one of class and not of nationality or race. That such a method cannot be ultimately successful is certain. No doctrine based on hate can succeed permanently. But it may play its part in breaking down the barriers which have always separated people of different nationalities.

Intellectual coöperation. International conventions of mathematical, astronomical, and other learned societies bring together from all the world people who have already at least one bond of sympathy. Esperanto and Volapük societies, which aim for the development and spread of one

universal language, as for business, scientific, or diplomatic uses, show that many people are interesting themselves in this problem of coöperating with the dwellers in other countries. For while there is little likelihood of an international language being generally accepted, the very attempt must necessarily call attention to the need for international coöperation.

The Hague Tribunal. The development of The Hague Tribunal was another expression of the desire for coöperation. This was a permanent tribunal for international arbitration established as a result of The International Peace Conference held in 1899 at The Hague, the governmental seat of The Netherlands. Its purpose was to prevent armed conflict by an appeal to arbitration, and twenty-six powers signed their approval.

The disarmament conference held in Washington, which resulted in the five-five-three ratio of ships, and other conferences held for the same purpose of reducing armaments are helping to bring about international coöperation, as are the arbitration and conciliation treaties between the United States and the Latin American States.

The League of Nations. But the greatest attempt which has been made in the line of political coöperation is, of course, the League of Nations. It came as an outgrowth of the War, where the Allies had learned the stern lesson of the necessity of coöperation from the disasters which had followed the division of authority. They saw that some such organization was required if only to provide for the possessions of defeated Germany; and there seemed to be so many other problems which could best be dealt with by the Allies and other interested parties as a whole that some sort of international machinery had to be created.

The organization of the League. In form, the League of Nations has some resemblance to our own federal government, in that it has two representative bodies, the Council

and the Assembly. The former was to be made up of representatives of nine nations—the United States, the British Empire, France, Italy, and Japan being permanently represented, while the other four members (later changed to nine) were to be chosen from time to time by the Assembly from the other members of the League. The United States, however, has not seen fit to become a member of the League, and in 1926 Germany was made a permanent member of the Council. All the members of the League may send representatives to the Assembly. They are permitted to send from one to three members and an equal number of alternates; but to have only one vote, resembling here the Articles of Confederation which preceded our Constitution.

But at this point the resemblance to our form of government ceases, since in nearly all cases the decisions of both Council and Assembly must be made by a unanimous vote instead of by a majority or a two-thirds vote as with us. Any state may withdraw from the League after giving two years' notice of its intention to withdraw, whereas the Civil War in America was fought to prove that no State had the privilege of withdrawal. Amendments to the Covenant must have the unanimous consent of the Council and the consent of the majority of the members of the Assembly.

Work of the Secretariat. Then there is a Secretariat-General which keeps the various League organizations in touch with the governments which make up the League. Among its members at present are more than thirty different nationalities, so that it is truly a representative body. But the members are responsible to the League and not to their own national governments, so that it is really a sort of "International Civil Service."

Other organizations in the League. There are organizations which look after questions of international health, of international communication and transit, and of international economics and finance. There are bodies whose

business it is to consider such questions as the traffic in opium, or the administration of mandated territories. There is an International Labor Organization, "apart from and yet a part of the League," which aims to better the conditions of labor and to promote unity between capital and labor by bringing together representatives of the governments, the employers, and the workers of the various states. Besides all these, the Permanent Court of International Justice has been established to look after questions of treaties and of international law, to hear and determine any dispute of a national character which the parties concerned wish to submit to it, and to give an advisory opinion upon any dispute or question referred to it by the Council or by the Assembly of the League. So we can see that considerable machinery of government has been set up in an attempt to bring about a kinship of nations.

The achievements of the League. Already the League has taken steps toward the settlement of international problems. Several threatening wars have been averted, notably that between Greece and Bulgaria. The economic condition of Austria has been improved. Hundreds of thousands of war prisoners have been returned to their homes, and many refugees in Armenia and elsewhere have been cared for. Still further, the League has worked out a new method of approaching problems—a method which makes use of knowledge instead of being based on partisanship and emotion. Until its creation every expert was a representative of some government, owing his first allegiance to that government instead of to the welfare of the world.

That in every case the settlements made have been satisfactory to both sides, or even to every impartial onlooker, cannot be claimed by even the strongest advocates of the League. But it is no mean achievement to have prevented war, and to have made the nations begin to think of problems from the international viewpoint.

The necessity for coöperation. Most of our answers to the problem of international coöperation have been like the answer of the little Boston boy who, when asked why it is that all New Englanders answer one question by another,



Drawn by Sykes

Courtesy New York Evening Post

“SCAT!”

responded, “Do they?” We have tried to settle the question of trade relations by the tariff. But that has brought up the new question of free trade versus protection. We have tried to answer the question of legal relationships by The Hague Court and by the Permanent Court of the League of Nations. But we are faced with such questions

as how much power such a court should have, whether its decisions should be binding upon the parties concerned, and if so, just how its decisions may best be enforced. We have tried to settle the entire question of international relationships by the establishment of a League of Nations, but it has merely involved us in a series of questions, including the advisability of having such an organization and whether the present League is the proper type of organization.

If modern industrial development has taught us anything, it has taught us that coöperation is necessary. A savage can exist with no coöperation beyond that of the immediate family. But before long he finds himself pushed aside by a group of families which have organized into a tribe, and the tribe, in turn, must give place to the nation. The more complex a civilization has grown the greater becomes the necessity for working together in harmony. Today the complexity of living is so great that what affects one affects all. Interdependence is a very real thing, but the chief obstacle to satisfactory interdependence is selfishness.

We cannot expect another to do what is best for us if we are not willing to do what is best for him in return. We cannot expect him to understand our point of view if we are not willing to try to understand him. We may not always agree on all points, especially those which touch us closely; but if we approach such disagreements in the spirit of fair play we are more likely to meet with a spirit of fair play in return. We must sustain some sort of relationship with people of other countries, and it rests with us whether we shall be actuated by the spirit of selfishness, which breeds war, or by a willingness to meet our brothers across the sea in the spirit of good will, which finds its expression in coöperation.

HOW WE CAN COÖPERATE WITH THE STRANGERS IN OTHER COUNTRIES

1. What conditions in transportation and communication made it easier for the United States to keep out of European affairs fifty years ago than today?

2. Is it possible for us to take part in European affairs without being tied by "entangling alliances"? Explain.
3. Look up Monroe Doctrine in an encyclopedia. In what disputes has reference been made to it?
4. Make a list of the various things which tie us to Europe whether we wish to be tied or not.
5. What are the various types of wars? Can you name (or find) two examples of each?
6. What is always the result of war? What groups suffer most?
7. Why do wars today tend to involve more nations than earlier wars used to? Is that an argument for or against war?
8. What well-known characters have tried to unite the world by force? Would they find it more difficult today? Why? Give a brief statement of the aims, methods, and achievements of each.
9. How can England, having a king, be considered a democracy? If England really is a democracy, what is the use of having a king?
10. Why should we expect less recourse to force under a democracy than under any other type of government?
11. What types of international cooperation have already been tried? How well have they worked?
12. Would the world be any better off if national groups were replaced by class groups? Explain.
13. What is the difference between protection and free trade? How do the Republican and Democratic parties stand on this question?
14. Look up in the glossary *tariff for revenue* and *tariff for protection*. Which would be likely to give greater financial aid to the government? What types of goods would you expect to find in each class?
15. Have a debate on the tariff question.
16. What is meant by *dumping*? Why should such practices hurt the trade relations? Do you think a stop should be put to it?
17. Look up the organization and achievements of the League of Nations. Why is not the United States a member of the League?
18. What steps has the United States taken toward international cooperation?
19. Why is the United States much readier to consider joining the World Court of Justice than the League of Nations?
20. If the United States is not a member of the League of Nations, why is she so frequently asked to send experts to help in its business?
21. Can an individual be patriotic and still believe in international cooperation? Explain.
22. Why is some such organization as the League of Nations a natural step in our increasing cooperation? What will be the result if some form of world cooperation is not worked out in the near future?

CHAPTER XXV

THE UNDERLYING PRINCIPLES OF COÖPERATION

Obligations to society. A tree that grows in the open does not look exactly like a tree of the same species that grows in a thicket. It grows into a different shape. An animal that lives alone can behave differently from an animal that lives in a flock or a herd. This is peculiarly the case with human beings. A human being (if he could still be called human) who lived alone might behave very much as he pleased, but if he is going to live in close proximity to other people he must modify his behavior somewhat in order to live comfortably with them. A man on a hunting trip might throw empty tin cans and garbage carelessly about with no fear of the consequences. But the same man on his return to the city would have to dispose of such waste in some other fashion if he cared to keep the respect of his neighbors, and if he wanted to escape the penalties imposed by the local government.

Robinson Crusoe could go and come as he pleased, with no fear of trespassing; but we find in a city that there are few places beyond the public streets and parks which are not closed to all persons except the owners and their friends. Consequently, if we wish to get along well under the conditions of city life we shall have to take all these limitations into consideration, and modify our behavior to harmonize with them. The test of whether we are really good citizens or not is determined by the degree of success with which we can do this. Civilization has been well defined as the art of living together comfortably in large numbers.

Consideration for others. We quickly learn, even when we are mere children, that we cannot live comfortably with others if we do not consider their comfort or wishes at all. No one likes to play with a spoiled child, because he always wants his own way and is never willing to do what other people would like to do. We do not enjoy living next to people who insist upon using their phonograph or radio late at night when we are trying to sleep. We dislike traveling on the train with a family of children who are in the habit of crying until they get what they want. We object to shopping among crowds of people who elbow their way past us with no consideration for our ribs or our dispositions. And no one would care to move to a country where there were no laws whatsoever, and where anyone could do anything he pleased from crossing the street in the middle of a block to committing a murder.

The more densely populated a locality is, the greater is the need for showing consideration for others, for meeting them half way, for trying to avoid doing things which will make living together uncomfortable and objectionable. A city is, of course, a place where men live together in large groups; and where people must be more courteous and considerate than is necessary in more sparsely settled sections. Such words as *polite* and *politic* originally meant much the same as *citified*, because people had to become polite or politic when they lived so close together.

Increasing the food supply. The first thing that we need to be sure of, if we are going to live together in large numbers, is the required amount of food. One reason why the native American Indians never increased greatly in number was because they did not know how to find enough food. It takes a great deal of land to provide sufficient game to supply a family of hunters. More herdsmen than hunters can live in the same territory. By taking care of tame animals, giving them ample pasturage, and driving away their enemies, more food is provided than can ever

be furnished by wild animals. Agriculture is superior to herding for a similar reason. By plowing the land, preparing the seed bed, and selecting seed, plant growth is promoted, and we can therefore get more food from the soil than could be secured by either hunting or herding alone.

Conservation of labor. Such changes have helped to produce more of the material things, especially food, because they have made better use of the land at the disposal of mankind. But another factor of production needs to be even more carefully conserved. Labor can be so easily wasted that we almost never stop to think what a difference its economical use can make to us. We know already that the more goods there are to be divided among a group of people, the more it is possible for each one to get; and as a result, the greater the production the more comfortably they can live together. And we have already seen that one of the greatest aids in increased production is the division of labor.

About 1798 a certain gentleman by the name of Malthus became much concerned about the food question. He saw that much human misery lay in the tendency of the population to outstrip the food supply. He knew that when a population increased beyond the point at which the land could support it, the death rate increased and pestilence, famine, or war tended to restore the balance, as is the case in India and China today. Anything which lowered the birth rate would, of course, be equally effective in striking the balance between food and population, but Malthus could scarcely imagine that such preventive checks would be sufficient. He would have been more optimistic if he could have foreseen the future and have known that the mechanical aids to farming and division of labor would make possible the support of a population far denser than any man of his period would have dreamed could possibly be supported in a given area.

One farmer, for example, will grow wheat and a few lesser crops; another will grow cotton and a few lesser crops. Then the wheat or wheat flour from the wheat-growing regions is exchanged for the cotton or cotton goods from the cotton-growing regions. Or one man will sew linings in a shoe factory, another will stitch the lining into the shoe, another punch the holes for the eyelets, another drive nails into the heels, still another sandpaper the heel, and so on. And as a result of this specialization and working together vastly greater numbers of people can be provided for than would be possible if each one tried to produce everything he needed.

Interdependence. Every other part of your automobile may be in perfect working order, but if one small part—say a spark plug or the carburetor—fails to work, the whole machine will work badly or not at all. The same kind of a remark might be made of a sewing machine, a radio set, or any other complicated device. Every part is dependent upon every other part, and if one part fails the whole device ceases to be of use. In any highly civilized community there is a great deal of division of labor, and consequently a great deal of dependence upon one another. Everyone does some special kind of work and depends upon others for other kinds of work. Under such a system we become almost as dependent upon one another as are the different parts of a machine. In other words, this system of division of labor puts every one of us in a position of dependence upon others, and others in a position of dependence upon us.

If the elevators in a great factory or a big office building should cease to run, business or production would be very greatly slowed up, and hundreds of people would not be able to produce as much as they could otherwise. If one department in a business concern should slow up, all the other departments which depended upon it would not be able to proceed at their usual rate of speed, and the whole

concern would suffer. It follows from this that dependability is one of the most important qualities of civilized man. It is so important that we can say, without fear of contradiction, that where there is no dependability there can be no civilization; that if no one could depend upon anybody else, no one would ever put himself in a position of dependence upon anybody else. He would be compelled to get everything for himself and not expect anybody else to provide for him at the proper time what he really needed.

Honesty. There are a great many ways, however, in which dependability shows itself. Common honesty is one. A nation of dishonest people could never prosper, for the reason that nobody could depend upon anybody else. A great deal of man power would thereby be wasted, not simply because much time would have to be spent in watching one another, but because we should not be able to specialize as we do now. If doctors were habitually dishonest, we should each have to be his own doctor and spend a great deal of time studying medicine. And we could not be very good doctors for ourselves, because we should have so little time to spend in studying for it. Practically everything would be done badly. If we could not rely upon our milkman, we should insist, as they do in some countries, that he drive his cow around to our houses and milk her in our presence, thus wasting a good deal of our time and his, besides a good deal of the cow's energy. In thousands of other ways we save a great deal of time and energy, or, as we may call it, "man power," by being able to depend upon one another; but there is much yet to be accomplished in this direction.

When farmers guard their crops, their gardens and orchards, and their poultry yards against marauders, the cost of running a farm is considerably increased because the farmer has to waste so much of his man power. It would add greatly to the economy of fruit and vegetable growing and of chicken raising if every orchardist, gar-

dener, and poultryman could sleep nights in complete confidence that the products of his toil would not be stolen. It would not only be better for him, it would be better for all the consumers of such things. Farm products would



Drawn by Ireland

Courtesy Columbus Dispatch

WE'D BETTER STOP SOMETHING

be more abundant, and perhaps a little cheaper, if there were enough dependability abroad to make it unnecessary for the farmer to guard against thieves.

Temperance. The large number of automobile accidents is tending to emphasize a new kind of dependability. An

automobile is a powerful and dangerous machine in the hands of any except the most dependable drivers. If undependable people are permitted to drive automobiles in our streets and public highways, none of us will be safe. Anything which tends to reduce even slightly the driver's dependability becomes a public menace. It makes no difference whether this lack of dependability is due to ignorance of the machinery of the car or to a temporary loss of self-control. It is really a question of vital importance to the welfare of our country whether a man should be permitted to drive an automobile when he has had even a single drink of intoxicating liquor. Drunkenness, or an approach to drunkenness, is much more dangerous in this country than it used to be or than it is in any country where they do not use so many automobiles.

Sense of responsibility. Too many of us are afflicted with what we may call *alibitis*. We have acquired the excuse habit, and spend our time explaining to other people why we have not done our job instead of getting busy and doing the work. The man who is good at making excuses is rarely good at doing anything else. Someone else must always waste time doing the work he has left undone and straightening out the mistakes he has made. The man who took the message to Garcia might have said that he did not know where Garcia was, or that he was not sure of the condition of the roads. Napoleon might have said that the Alps were too high to cross. Grant might have said that the campaign was too long drawn out or too hard on his soldiers. We are too apt to daydream of the great heroes we might become, or the great achievements which might be the work of our hands, and then wake up to explain why we have not done the humbler but equally necessary tasks for which we were especially responsible. And, as civilization becomes more complex, dependability becomes a more and more important virtue, and lack of dependability a more and more destructive vice.

Mutual confidence. If you were starting a store, you would of course have to have a large stock of goods. If you were compelled to pay cash for your goods, and could not borrow the money, it might take you a long time to accumulate money enough to pay for your stock of goods. If, however, you could either borrow the money to pay cash for your goods or buy the goods on credit, you could start your store at once, give yourself time to sell the goods, and then pay for them or pay off your loan out of the money received. This is a very simple form of what is called doing business on credit. There are many other forms. Sometimes a farmer wants to buy a farm. If he had to work as a hired man until he could accumulate money with which to pay for the farm, it would take a long time. If, however, he could buy the farm first and pay for it afterward, he could, if he were a good manager, literally make the farm pay for itself. That is, if he is a good manager, he can make so much more as a farmer than he could as a hired man as to make it much easier to pay for the farm after he has bought it than to wait until he has accumulated enough to pay for it in advance.

A great deal of modern business is based on credit in its many forms. It is perfectly clear to anybody that the credit system could not possibly grow if men were regularly and habitually dishonest and undependable. If no business could ever be done on credit, the cost of doing business would be considerably greater than it now is. The waste of man power under that system would make it impossible to support so many people or to support them so well as is possible under the credit system.

Most of us think of a philanthropist, a man who helps his fellow men, as one who gives money away to the needy. Yet the greatest philanthropy any of us can render to his fellows is to be absolutely dependable himself and to do all in his power to make others honest and dependable as well. A world where half the people gave away money to

the other half would not be an especially good world in which to live, even if fifty per cent of the people were generous and charitable; but a world which was a hundred-per-cent honest and dependable would come exceedingly close to being a perfect world.

Obligation to work. Sometimes we point with pride to the number of people who live in the United States in comparison with the population of fifty years ago, almost as if the mere number of human individuals were of the utmost importance. Yet any boy knows that in a race or a wrestling match the victory is not apt to go to the fat boy of the crowd. He has to carry too much surplus weight, which hinders rather than helps him in his progress. On the other hand, a boy who tipped the scales at the same figure, but whose weight was largely made of good firm muscle, would be a dangerous competitor in almost any sport. The extra pounds of the fat boy were so much dead weight. They helped him very little in his contests and they slowed up his speed. So, too, the people in a nation who are not at work (or supporting those who are at work by keeping them supplied with tools, with instruction, or with inspiration) are so much dead weight to the country. We are not truly dependable if we do not support ourselves, but throw the extra burden upon our fellow citizens. We are making our country a fat and not a muscular nation, and we are slowing up the progress of a civilization of which we profess to be proud.

Good sportsmanship. In any game, be it football, tennis, baseball, or basketball, we do not enjoy playing with a boy or girl who is not a "good sport." We despise a person who resorts to unscrupulous tactics in order to win, and we admire the one who had rather be defeated than fail to "play fair." But this spirit of good sportsmanship is just as necessary in politics, in order that men will endure defeat rather than gain the victory by unscrupulous political methods. It is needed equally in business, in order that

failure may be preferred to success achieved by any form of dishonesty or unfair dealing. It is needed in our citizenship, in order that those of us who fail to take an active part in the political activities which precede an election will



Courtesy B. R. Thomas and Detroit News

HUMPH! WAR PAYS BETTER THAN THAT
One reason we have wars.

take the blame upon ourselves if we find the political machine honeycombed with graft and dishonesty.

The spirit of war is really the spirit of bad sportsmanship. War is simply the attempt to get by force what one has failed to get by the peaceful methods of persuasion, bargaining, or diplomacy. When some people are beaten in

an argument they are likely to call their opponent a liar and make it a fight. So when some nations fail to get what they desire by the slow and sometimes unsuccessful method of diplomatic negotiation, they are likely to resort to the method of force which we call war.

The use of violent methods by capital against labor and by labor against capital is nothing less than class war. In fact, any attempt to force other people to do what we wish them to do, instead of relying upon the legal methods established by majority rule, is in its essence nothing except war. Athletes who are good sports have learned to accept defeat without turning to a lower and more brutal method of beating their opponents. The spirit of good sportsmanship in other rivalries will lead to the same results and will make for peace among classes as well as among nations. But when athletic teams generally refuse to accept defeat without a fight, when political parties refuse to accept defeat at the polls without an insurrection, when labor unions refuse to accept defeat in bargaining without a strike or employers without a lockout, it is unlikely that a nation made up of such people will accept defeat in a diplomatic contest without war. The spirit is the same in all these cases. It is the spirit of war.

War—within a nation or between nations—can be avoided only when the citizens of a country show a general willingness to abide by the results of peaceful persuasion, bargaining, and diplomacy, and to accept failure in these peaceful contests rather than to resort to force. Peace will never be secure until the spirit of war is replaced by the spirit of peace. And our lover of men, our philanthropist, will add to his efforts to establish honesty and dependability a like effort to promote this spirit of peace, of good sportsmanship, among all people.

Self-support. Some reformers have told us that we must never think of ourselves and our own interests, but always of other people. It is not necessary, however, to do away with

every selfish interest in order to promote civilization to the highest degree. Each one of us knows his own interest a little more clearly than he is likely to know the interests of someone else. If he works for his own interest he is therefore likely to work a little more intelligently than if he tries to work for the interest of someone else whose interest



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THE MAN HIGHER UP HAS HIS TROUBLES

he does not know very well. That is to say, if Jones will look after his own interests first and then help Smith out when Smith is in need of help, and if Smith will look after his own interests first and look after Jones only when Jones is in especial need of help, things will probably go better than they would if each neglected his own affairs in order to look after the other's.

Service to society. Even if each one is principally interested in getting a reasonably good income for himself and his family, the world will be very well off provided each one is scrupulously careful about the following rule, namely, that he should give someone else an exact and full equivalent for every dollar he gets for himself and his own family. This is what it means to earn one's income. If everyone should do this, we should then be living up to the command given to His own disciples by the Founder of Christianity when He said to them, "He that would be great among you, let him be your servant." There was no condemning of the desire to be great or successful. This desire was recognized as a very natural and commendable one. "He that would be great," or successful, was not condemned for his will to be great or successful. He was merely cautioned that if he had this desire he must earn it through service; that is, he must produce something that other people need, or give a service which they need, as a means of earning his greatness or his success.

If we could once be certain that everyone in this world was willing to earn his greatness or his success by performing a positive service for somebody else, we could be certain that there would be a great deal of service rendered in this world. In other words, it would be an excellent world in which to live; it would be difficult to see how such a world could be improved upon.

THE UNDERLYING PRINCIPLES OF COÖPERATION

1. Name a dozen things which a man who lived by himself might be perfectly right in doing if he wanted to, but which people who live with other people should not do.
2. Why is consideration for others very necessary if we are to live harmoniously with other people?
3. How was food provided under the hunting and fishing stage? herding stage? farming stage? manufacturing stage? How did the necessity for increasing the food supply aid in progress?
4. How does the division of labor help in producing more food?

5. Why is interdependence greater today than it used to be in earlier times? Why, then, is dependability more necessary?

6. What would be the effect upon the country if more than half the people were dishonest?

7. Why does the increase in the number of automobiles require increased dependability?

8. Are you afflicted with *alibitis*? Watch yourself for a week and see how many times you would have been guilty if you had not thought in time.

9. Read Elbert Hubbard's *Message to Garcia*. Are you that sort of person? If not, how may you become one?

10. What effect would it have upon a young man's chance of advancement in business if he never offered an alibi but always was ready to shoulder the responsibility for everything he had done?

11. In what way does credit rest upon dependability? How does credit affect the amount of production in a country?

12. Why are dependable people of even greater value to the world than generous people? Could a man have both these qualities?

13. Which country has a greater chance to prosper, one in which all the people are producers, or one which boasts of a "leisure class" which does little except enjoy life? Why?

14. How do teachers, ministers, doctors, etc., aid in production?

15. Make a list of the qualifications which you require in a "good sport." Do you always carry your sense of fair play into the schoolroom?

16. How may the ideas of good sportsmanship be carried over into business? into politics? into citizenship?

17. In what ways is the spirit of war sometimes carried into industrial relationship?

18. What methods of settling disputes are to be preferred to force? What would be the effect upon the world if they were substituted for war?

19. Is it possible for us to help society at the same time as we help ourselves? Explain.

20. Why is "service" the most important ideal in the world? In what ways can you render service to society?

21. Where do you think you could make use of coöperation in (a) your family? (b) your school life? (c) business? (d) citizenship?

GLOSSARY OF TERMS

- Absolute monarchy**, a kingdom subject to the unchecked rule of one person.
- Active adaptation**, the act of consciously making one's environment fit oneself.
- Act of God**, an accident due to uncontrollable natural forces: legal term defining phenomenon beyond human control.
- Alpine race**, a race medium in height, stocky, round-headed, brown-haired, and brown-eyed, largely found in central and northeast Europe.
- Ambassador**, an official of the highest diplomatic rank representing one government at the capital of another government.
- Amortization**, reduction of a debt or original cost by specified periodic payments toward the principle.
- Anarchist**, one who objects to all exercise of authority.
- Annunity**, a form of insurance whereby money invested either as a single payment or as a series of premiums over a given number of years, is returned with interest in annual (or other periodic) payments over a term of years or for the duration of life.
- Apprentice**, one bound or articed by indenture to serve a certain number of years to learn some trade or craft.
- Arbitration**, the settlement of disputes by mutual agreement or by recourse to the judgment of some mutually acceptable disinterested authority.
- Aristocracy**, the rule of the "best" (i.e., by birth: the nobility).
- Australian ballot**, a type of ballot officially issued and containing the names of all candidates: designed to insure secrecy as to the voter's choice.
- Autocracy**, absolute government, or government by one person who feels no responsibility to the governed.
- Barter**, the exchange of goods for goods, without the use of any kind of money.
- Bears**, those who attempt to lower the value of stock in order to buy cheaply.
- Benevolent despot**, a despot who rules his people for their own good.
- Bimetallism**, the use of both gold and silver as legal tender money at the same time at a fixed relative face value, and the free coinage of both metals.

- Blacklist**, a list of persons, usually laborers, who have come to be regarded as trouble makers and whose names are published by former employers as a warning to other possible employers.
- Blind-alley job**, a position which offers no opportunity for advancement.
- Blue sky laws**, laws for the regulation of the sale of stocks and bonds of corporations, intended especially to prevent the sale of stocks and bonds of corporations that cannot possibly hope to succeed.
- Bond**, an interest-bearing certificate of indebtedness, payable on a stated date, issued by a government, a corporation, or a company, for the purpose of borrowing money.
- Boycott**, a general agreement to have no business dealings of any kind whatsoever with a person considered obnoxious.
- Broker**, one who acts as agent or middleman for another.
- Bucket shop**, an office conducted by persons who are not members of the stock or produce exchange for the purpose of speculating in stocks, grain, oil, cotton, etc.
- Budget**, an estimated and itemized account of probable income and expenditure.
- Building and Loan Association**, a form of coöperative bank, shares of which are purchased on monthly instalments, designed to furnish money to the members for the purchase of real estate.
- Bulls**, those who endeavor to raise the price of stocks in order that they may sell at a profit.
- Buyer's surplus**, the difference between the maximum price the buyer would be willing to pay and the market price.
- By-product**, a commodity made from the waste of another product.
- Capital**, the product of past industry used for further production.
- Carrying charges**, interest, upkeep, overhead, etc., for which a business or a person owning mortgaged property must pay.
- Caucus**, an unofficial gathering of a political party to select the party's candidates for an election. See *direct primary*.
- Charging what the traffic will bear**, fixing freight rates or prices at such levels as will yield the maximum revenue to the railroad company or to the producer of a commodity.
- Check-off system**, an agreement under which the employer pays to the labor union the dues of his employees, deducting such dues from their wages.
- Child labor**, any form of labor which deprives a child of a fair chance in life in terms of health, play, and education.
- Circulating capital**, cash on hand, raw materials, unsold products, all capital, in short, not invested or fixed in a permanent plant.

- City manager**, a person, not necessarily a citizen of the municipality, selected by a city council or a commission form of government to manage the business affairs of their city.
- Class consciousness**, a state of mind in which men are more loyal to a religious, occupational, or social group than to the territorial group known as the country, state, or city. The feeling that one belongs to a particular class or group, in distinction to the feeling that all men are brothers, or fellow citizens.
- Clearing house**, an institution established by banks whereby the accounts of each member bank against the others are adjusted.
- Closed shop**, an industrial establishment in which only union (or only nonunion) labor is employed: this is more commonly applied to shops of the first type.
- Clothier**, a man who organized the work of the various specialists—spinner, weaver, dyer, etc.—under the domestic system, furnishing the workers with the raw materials and pocketing the profit from the sale of the finished goods.
- Collective bargaining**, a system under which all negotiations with an employer regarding wage rates, hours, etc., are carried on by the officers of a labor organization rather than by individual members.
- Comfort wage**, a wage which will provide in addition to the necessities of life most of the ordinary comforts and conveniences of the existing state of civilization.
- Commercial banks**, stock companies engaged in the investment of depositors' money.
- Commercial crisis**, an acute business depression accompanied by a fall in prices, a shrinkage of credit, and a general slowing down of business with many bankruptcies.
- Commission government**, a form of city government by which all the departments of government are placed in the hands of a small board of commissioners elected by the voters and responsible for the conduct of affairs.
- Commission merchant**, a middleman the payment for whose selling services is a proportionate amount of the money he receives for the commodity entrusted to him by a producer.
- Commodity**, any article having exchange value.
- Common stock**, that part of the capital stock of a business, shares of which give their owner a voting right in the affairs of the business and a right to a share of the net profits (after dividends on the preferred stock—if any—are paid) proportionate to his investment.
- Communism**, an economic organization in which all property is held in common and all goods shared alike.

- Competition**, rivalry in seeking the rewards of service or of production. The rivalry usually shows itself on the market where several sellers are trying to sell the same commodity or service and several buyers are trying to buy it.
- Conciliation**, an attempt to reconcile employers and employees by peaceable negotiation initiated outside the disputants.
- Confederate republic**, a republic in which almost all the power is reserved to the local units.
- Congregate population**, population the character of which is determined largely by the people who have come from other places.
- Conservationist**, one who desires to conserve the physical resources of a nation.
- Conservative**, one who desires to conserve old customs, moral systems, or political institutions.
- Consul**, a commercial agent of a nation, stationed at an important commercial city in another country.
- Consumers' goods**, goods which satisfy one's wants directly.
- Consumption**, getting the good out of things.
- Contract**, a voluntary agreement between two or more competent persons by which each one is legally bound to perform or refrain from performing an act—which act must itself be legal.
- Coöperation**, the act of working together for a common end.
- Corporation**, an organization of a number of individuals to put their capital together in order to carry on a business which requires more capital than is possessed by any one of them, each shareholder having one vote for each share in the general management.
- Corporation tax**, a tax paid by the corporation itself rather than by the individual shareholders.
- Credit**, (1) a reputation for solvency and honesty which enables one to borrow money or to buy goods with the promise to pay at some future time; (2) a general practice of exchanging promises to pay at a future time for money or for goods and services.
- Crime against person**, a crime which inflicts pain or injury upon the body or mind of a person.
- Crime against property**, a crime which destroys, impairs, or reduces the value of a piece of property.
- Cumulative preferred stock**, preferred stock upon which all unpaid dividends for any year must be paid in succeeding years before dividends can be paid on the common stock.
- Debasing the coinage**, reducing the amount of precious metal in a coin and thereby reducing its purchasing power.
- Democracy**, the rule of the people.

- Despotism**, a government with absolute power.
- Direct primary**, the nomination of party candidates by official vote of all the legal voters of a political party. See *caucus*.
- Direct tax**, a tax which is levied upon the person who must finally pay it.
- Dividends**, the proportionate shares of the profits of a company.
- Divisibility**, the quality of being easily separated into parts without destroying the value.
- Division of labor**, a system of production under which the work of producing a given product is divided into many special operations and each workman becomes a specialist, doing only one of the many special kinds of work required.
- Domestic system**, a system in which production is carried on in the households of the workers.
- Dumping**, the policy of selling surplus products in a foreign market at a lower price than that at which the same commodity sells in the home market.
- Durability**, quality of resisting change or decay.
- Durable consumers' goods**, consumers' goods which are not quickly used up.
- Duty on imports**, a payment required for the privilege of importing a commodity into a country.
- Economic**, having to do with the business of getting a living.
- Eminent domain**, the right of the government to take at its own price private property to be used for public purposes.
- Employers' liability**, the legal liability of the employer for injuries sustained by an employee.
- Endowment policy**, a form of insurance policy which guarantees the insured a given sum of money at a stated time (or to his beneficiaries if he dies prior to that time) in return for the payment of premium over a given period of years.
- Engle's law**,
1. As the income increases, the relative expenditure for subsistence becomes smaller.
 2. The percentage of expenditure for clothing is practically the same, no matter what is the income.
 3. The percentage of expenditure for rent, and for fuel and lights is constant.
 4. As the income increases, the percentage spent for education, amusements, health, etc., constantly increases.¹
- Entrepreneur**, a person who organizes production; enterpriser.

¹Fredenburg: *Elements of Economics*, p. 32.

- Environment**, surroundings which affect the life of the individual or species.
- Evolution**, gradual development or growth, not of an individual plant, animal, or person, but of the whole species, race, or group.
- Excise tax**, a payment demanded by the government for the privilege of making or selling a commodity.
- Executive ability**, the ability to direct others intelligently.
- Experimental criminal**, a person who breaks a law not with malice but merely to see if he can succeed in evading the penalty.
- Extractive industry**, an industry which merely appropriates natural objects without any attempt to replace what is taken or to keep up and conserve the supply. An industry that merely appropriates materials from their natural situation.
- Extradition**, the surrender by the government of one nation or state to another, in accordance with the terms of a treaty existing between the two, of a fugitive from justice.
- Federal republic**, a republic in which certain powers are delegated to the central government but many powers are reserved to the local units.
- Felony**, usually defined as an act whose penalty is a state prison sentence or worse.
- Feudalism**, the system of land tenure on condition of military service prevalent in Europe for many centuries.
- Fiat money**, irredeemable paper money which the government requires to be accepted as legal tender.
- Filibuster**, an attempt by the minority of a legislative body to prevent legislation by killing time.
- Fixed capital**, permanent plant, including land, buildings, permanent improvements, machinery, etc.
- Form utility**, the utility produced by changing the form of a commodity, as wheat to flour.
- Free coinage**, the policy of a government of coining any amount of gold (and, in some countries, silver) which any person will bring to the mint, giving him coin, weight for weight, for the bullion brought.
- Free competition**, a condition in which anyone who cares to do so has the privilege of competing for any prize or any reward.
- Freedom of contract**, the constitutional right of the individual to dispose of his services or his products in any way he may see fit. A condition under which anyone of mature years and sound mind is permitted to make contracts to do something which is, in itself, legal.
- Free trade**, trade with other countries, unrestricted by tariffs or customs duties.

- Genetic industry**, an industry that makes use of the biological laws of growth and heredity for increasing the quantity of useful things. An industry which tries consciously to replace the gifts of nature which are taken and so to conserve the supply.
- Genetic population**, population the character of which is determined largely by the people who were born in that place.
- Gentlemen's agreement**, an informal agreement, not having the authority of a legal contract, in which the parties agree upon a certain policy.
- Greenback**, one of a class of legal-tender notes in the United States; so called because the back is printed in green.
- Gresham's law**, the law that when two or more kinds of legal-tender money are in circulation, the inferior tends to drive the superior out of circulation.
- Guild**, a corporation or association of persons engaged in the same trade or business, such as existed in medieval towns, intended to further the common interests of members.
- Habitual criminal**, one in whom the habit of crime is so fixed that nothing short of perpetual imprisonment will keep him from committing crime.
- Heredity**, the handing on of characteristics or traits from parent to offspring.
- Homesteading**, the act of settling on a piece of government land under the terms of the Homestead Act.
- Idiot**, an adult with mentality lower than that of a child two years old.
- Imbecile**, an adult with the mentality of a child from two to eight years old.
- Immigration**, the coming into a country of laborers seeking employment or other permanent economic opportunities.
- Index numbers**, the average price at a given time on a large number of commodities. When the average price of the same list of commodities is found for different times, and these lists are compared with one another, the comparison shows the general trend of prices. The average price for a given time is usually taken as the standard of comparison. It is given a value of 100 per cent. The average prices for all the other times are then reduced to percentages on the same basis. Falling prices would be indicated when the index numbers for succeeding times are estimated as less than 100 per cent. Rising prices are indicated when the index numbers for succeeding times are estimated as more than 100 per cent.

- Indirect tax**, a tax which is shifted from the person who first pays it to another.
- Indoor relief**, relief administered in institutions to those who need that sort of care.
- Industrial democracy**, in its broadest sense, an industrial system in which everything is done voluntarily and not by authority and obedience. In a narrow and perverted sense, it is sometimes defined as government ownership; sometimes as control of the industry by the employees.
- Industrial Revolution, The**, the social upheaval caused by the substitution of mechanical for muscular power during the century from 1750 to 1850.
- Industrial union**, an association of all workers of all classes and all trades in a given industry.
- Inflation**, such an increase in the supply of money or in the use of credit as to raise considerably the general price level.
- Initiative**, the right or method by which a certain per cent of voters can introduce into the legislature a bill for legislation.
- Injunction**, a court order forbidding or compelling a certain specified course of action.
- Instalment buying**, the purchase of goods by a series of stipulated periodic payments.
- Instinctive criminal**, a person so depraved or brutal by nature that he commits a crime without any apparent motive other than sheer brutality.
- Interest**, originally, money paid for the use of money; now, any fixed income from the ownership of property, other than land.
- I. W. W.**, the Industrial Workers of the World, an association formed to improve the condition of unskilled laborers, even by somewhat violent methods if such are considered necessary.
- Journeyman**, a worker for day's wages who has served his apprenticeship.
- Juvenile court**, a court of law given over exclusively to dealing with young offenders.
- Labor**, human energy used in production.
- Labor turnover**, the percentage of laborers changed during a given period of time.
- Labor union**, the "one big union" including skilled and unskilled workers of all trades and lines of work.
- Laissez-faire**, the policy of noninterference with the working of social and industrial conditions on the assumption that they will right themselves through natural laws.

- Land**, any gift of nature definitely attached to a spot of earth.
- Law of diminishing returns**, the observed fact that after a piece of land has been cultivated up to a certain degree of intensity, further attempts to increase the yield require a higher and higher cost for each slight increase in the yield, or for each addition to the cost of cultivation there is a smaller addition to the yield.
- Law of substitution**, if two things will serve a given purpose equally well, the cheaper of the two substitutes will be used.
- Law of supply and demand**, small supply with large demand make high prices; large supply with small demand make low prices.
- Legal tender**, money which the government declares must be accepted in payment of debt.
- Life insurance**, a form of insurance by which the beneficiaries of the insured receive a certain sum at the death of the insured in return for stated periodic payments made by the insured.
- Limited liability**, the responsibility of a shareholder to the extent of the face value only of his shares.
- Limited monarchy**, a government in which the rule is in the hands of one person whose power is checked by others, usually elected representatives of the people.
- Limited payment life insurance**, a form of life insurance in which the insured pays premiums for a certain stipulated number of years (if he lives to the end of the designated period).
- Lobbying**, the attempt by interested persons or organizations to get legislators to support or oppose certain measures.
- Lockout**, the exclusion of workmen from a factory by an employer in an attempt to compel them to accept his terms.
- Logrolling**, the practice of one legislator supporting another's bills in return for similar service.
- Majority stockholders**, a group of stockholders in a corporation, the sum of whose shares is more than half the total number issued.
- Management**, the act of organizing, combining, or balancing land, labor, and capital in productive enterprises.
- Maturity**, the time fixed for payment.
- Mediterranean race**, a slender, short, dark-haired, dark-skinned, dark-eyed race found in southern Europe.
- Medium of exchange**, any object for which goods are commonly sold, not because the sellers desire it in itself, but because they can use it in buying other goods: usually money or credit instruments.

- Mercantilism**, a system of economics whose central idea was that the prosperity of the country was indicated by a favorable balance of trade and whose policy was, therefore, always to try to create a favorable balance of trade. A favorable balance of trade was defined as a condition in which a country was selling more than it was buying—that is, exporting more than it was importing.
- Middleman**, a man who transfers, or helps transfer, commodities from the producer to the consumer.
- Minimum wage**, the lowest wage which will provide a healthful and decent subsistence. Sometimes, the lowest wage permitted by law.
- Minister**, a diplomatic representative of lesser rank than an ambassador.
- Minority stockholders**, a group of stockholders in a corporation, the sum of whose shares is less than half the total stock issued.
- Misdemeanor**, a minor offense for which the penalty is somewhat less severe than a state prison sentence.
- Mobility of labor**, (1) territorial mobility is the ease with which labor moves from one place to another seeking better conditions; (2) occupational mobility, the facility with which men can shift from one occupation to another, seeking to better their condition.
- Monarchy**, a system of government ruled by a hereditary king or queen.
- Monopoly**, the exclusive right, privilege, or ability to sell something.
- Monopoly price**, a price fixed by a monopolist with a view to securing the maximum profits for the monopoly.
- Monroe Doctrine**, a statement by President Monroe declaring the American continent to be fully occupied under existing governments and no part of it to be any longer subject to European control.
- Moron**, an adult with the mind of a child of from eight to twelve years.
- Mortgage**, a legal instrument by which property becomes security for payment of a loan or deferred payment.
- Mutual bank**, a bank all the stock of which is owned by the depositors.
- Naturalization**, a legal process by which a person of foreign birth may become a full citizen of the country in which he is now living. He must declare that he is no longer subject to any other government and must agree to respect and support the government of the country in which he is being naturalized.

- Natural resources**, valuable objects created by nature rather than by human activity.
- Natural selection**, the process by which the ill-adapted forms perish and the well-adapted survive.
- Nominal wages**, wages in terms of money. Cf. *real wages*.
- Non-cumulative preferred stock**, see *cumulative preferred stock*.
- Nordic race**, a tall, slender, long-headed, fair-haired, fair-skinned, blue-eyed race inhabiting the northwest of Europe.
- Occasional criminal**, one who because of some sudden temptation or provocation commits a crime, but who is not possessed of a criminal nature and may in all other respects be a good citizen.
- Oligarchy**, the rule of a few.
- Open shop**, an industrial or business establishment in which anyone may work whether union or nonunion.
- Ordinary life insurance**, life insurance for which the insured pays premiums from the beginning of the policy to the date of his death.
- Outdoor relief**, temporary help given in the recipient's own home. Cf. *indoor relief*.
- Panic**, a sudden loss or partial loss of confidence resulting in a general withdrawing of credit and a demand for cash payments for everything. Most business having been performed on credit, there is not cash enough to do much purchasing. Market prices therefore fall and business becomes stagnant.
- Parole**, conditional release of a prisoner dependent upon his continued good behavior and an occasional report to the authorities.
- Partnership**, joint interest or ownership in a business.
- Par value**, nominal or face value.
- Passive adaptation**, the process of being fitted to one's environment by nature.
- Perishable consumers' goods**, consumers' goods which are quickly used up.
- Personal utility**, the utility created by the transference of an object from a person who has no use for it to a person who has.
- Picket**, a person appointed by a union during a strike to watch a factory or other place of business employing nonunion men.
- Piece wage**, wages paid in proportion to the work done rather than in proportion to the time spent.
- Piece work**, work for which piece wages are paid.
- Place utility**, the utility created by the transporting of goods or raw materials from one place to another in order that they may become usable.

- Plutocracy**, not strictly a form of government but a condition under which men of wealth are supposed to exert an undue influence upon public opinion because of the power which wealth gives.
- Political machine**, a party organization whose chief purpose is to get and keep control of the government.
- Poll tax**, a uniform tax on a person (head) as distinguished from a tax on property.
- Pork barrel**, the public revenues when considered as a fund from which a legislator may repay his constituents for their support.
- Portability**, the quality of being readily moved from one place to another.
- Possession utility**, the increase in utility when an article is transferred from a person who has little use for it to a person who has greater use for it.
- Potential supply**, the amount of a commodity which could be brought to market.
- Preferred stock**, the stock which receives a fixed dividend which is paid before the dividends on common stock are calculated.
- Primary industry**, an industry which cannot be separated from the raw materials on which it depends.
- Producers' goods**, goods which are used to satisfy one's wants indirectly (i.e., by the production of other goods).
- Production**, the making of things more useful.
- Professional criminal**, one who pursues a criminal career for profit.
- Profiteering**, a disgenuous term which originally meant working for a profit. A more modern use of the term restricts it to cases of inordinate profit.
- Protection**, the encouragement of home industry by duties on imports.
- Pure (direct) democracy**, democracy in which each citizen has a direct voice in the government.
- Radicals**, uprooters, they who work to destroy some old custom, habit, or political institution. Opposite of *conservative*.
- Real wages**, wages in terms of buying power. Cf. *nominal wages*.
- Recognizability**, the quality of being easily recognized.
- Referendum**, a method by which a certain per cent of the voters can, by petition, compel the legislature to refer a piece of legislation to the popular vote.
- Rent**, the return from land, due to its location or productivity, in excess of a return barely making the land worth keeping; in other words, the income or the increase in value over the original cost that makes the land profitable to the owner.
- Republic**, a representative democracy.

- Requisition**, a formal summons or request from the governor of one state to the governor of another for the surrender of a fugitive from justice.
- Retailer**, one who sells goods in small quantities.
- Run on a bank**, a condition which exists when depositors in a bank suddenly lose confidence in it and rush to withdraw their deposits.
- Sabotage**, wilful destruction of an employer's property through apparently accidental means; a "secret strike."
- Sales tax**, a tax at the time of sale of a commodity.
- Savings account**, money deposited in a bank, usually in small amounts, and not subject to checking privileges.
- Savings bank**, a bank receiving money in small deposits and paying interest thereon, without checking privileges. Usually carefully safeguarded by state supervision.
- Scab**, a nonunion man who works in an industry which unions are trying to control; also, a strike breaker.
- Seasonal work**, type of employment which keeps men at work only at certain seasons of the year.
- Secondary industry**, an industry which can be separated from the source of the raw materials on which it depends.
- Second mortgage**, a mortgage placed on already mortgaged property, the first mortgage generally having priority of claim.
- Self-sufficiency**, the state of satisfying one's own wants.
- Seller's surplus**, the difference between the minimum price the seller would be willing to accept and the market price.
- Serf**, a semislave belonging to the land rather than to the master. When the land changed owners the serfs went with it; they could not be sold apart from the land.
- Shop committee**, a committee of workmen elected by the workers in the shop or factory, which committee has a voice in the management of the industry.
- Short ballot**, a ballot which provides for the election of only a few of the most important officials, who are empowered to appoint minor officials to serve under them.
- Single premium life insurance**, a form of life insurance in which the insured pays one premium, the insurance being paid to his beneficiaries at his death.
- Single proprietorship**, the business status of an entrepreneur.
- Single tax**, a proposed scheme of taxation under which all the public revenue is to be raised by a single tax on land value.
- Slash**, the tangled debris of branches, etc., left as the result of careless lumbering.

- Socialist**, one who believes that farms, mines, factories, stores, railroads, and all important productive agencies should be owned and operated by the government or by the workers in them.
- Society**, people in general.
- Spoils system**, a system under which all offices, even those of a non-political nature, are filled with members of the political party which won the last election.
- Stability of value**, the quality of maintaining an unchanging value.
- Standard for deferred payment**, practically the same as a standard of value. See, also, *legal tender*.
- Standard of living**, all habits of consumption which individuals place ahead of marriage and raising a family.
- Standard of value**, a standard accepted by custom or law as a measure of the worth of a commodity.
- Stocks**, shares of capital in a corporation.
- Store of value**, durable effects containing large value in small bulk, which may be used as a means of preserving one's wealth on long journeys, or over long periods of time.
- Strike**, the act of quitting work in a body, sometimes followed by efforts to keep others from taking the vacant jobs.
- Strike breaker**, a man brought from the outside, to operate an industry where men are on strike; a man who temporarily takes the place of a man on strike with the intention of quitting when the strike ends.
- Submerged tenth**, that proportion of the population which is below the line of a decent subsistence.
- Supply**, the amount of a commodity which is brought to market.
- Survival of the fittest**, the continued existence of well-adapted biological forms.
- Sweatshop**, a place where people work for dealers under hard and unsanitary conditions at unfairly low wages.
- Sympathetic strike**, a strike entered into by members of a union through no grievances of their own but in order to aid other strikers to gain their demands.
- Tariff**, a table of dutiable goods, specifying the customs rates, etc., to be paid or allowed on articles to be exported or imported.
- Tariff for protection**, a tariff levied primarily for the purpose of protecting home industries. If such a tariff furnishes a revenue to the government, that is incidental and not the main purpose.
- Tariff for revenue**, tariff duties levied for the purpose of raising revenue for the government rather than for the purpose of protecting home industries.

- Tax-exempt securities**, certain bonds and stocks which are declared by law to be exempt from taxation. These usually include state and municipal bonds, bonds of the United States government, and the securities of certain public utility companies.
- Time utility**, the utility created by the storing or preserving of goods in order to make them available in times of shortage.
- Time wage**, wages paid in proportion to the time worked rather than in proportion to the amount of work done.
- Time work**, work for which time wages are paid. Cf. *piece work*.
- Title guarantee**, a type of insurance guaranteeing validity of title to a purchaser of real estate.
- Token money**, the representative of standard money, its actual material value not equaling its face value.
- Trade-union**, an association of all workers in a given trade.
- Trust**, a combination of corporations; popularly, a monopoly.
- Trusty**, a prisoner whose good behavior makes it possible for the authorities to give him the responsibility of certain duties and a greater measure of freedom than is allowed the other prisoners.
- Turnover of goods**, the number or value of commodities bought and sold again in a given time.
- Tyranny**, rule obtained by force instead of by inheritance or election.
- Uniformity**, the quality of being the same or alike wherever found.
- Union label**, a label attached to certain manufactured products to indicate that only union labor is employed in their production.
- Unitary republic**, a republic in which the central government has almost complete power even over matters of local concern.
- Utility**, economic usefulness.
- Viva-voce voting**, oral voting.
- Walkout**, another name for strike.
- Watered stock**, the stock of a corporation whose nominal value is far in excess of the cost of the plant belonging to the corporation, or in excess of any money paid in to the capital stock.
- White-collar job**, a position in clean and attractive surroundings, especially clerical or distinguished from manual work.
- Wholesaler or jobber**, one who buys or sells in large quantities.
- Wildcat securities**, stocks of corporations which have no real productive purpose but which are formed merely for the purpose of selling stocks.
- Workman's compensation**, allowance to an injured workman of a percentage of his wages or a certain sum in proportion to the injury sustained.

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