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ECONOMICS

FOR BOYS AND GIRLS

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PART I
ECONOMY IN SPENDING



WHICH SHALL I CHOOSE ?

CHAPTER I

ALADDIN'S LAMP

HAVE you ever thought what you would have done with Aladdin's Lamp? You will remember that it was a magic lamp, and when the possessor rubbed it, a fairy or genie appeared, ready to bring anything or to do anything which the owner of the lamp demanded.

What are Your Wishes?

What would you have asked for? Probably a great number of things would leap to your minds at once. A motor-car, a bicycle with 3-speed gears, a camping outfit for the holidays, a cricket bat, a pair of boxing gloves, boots and shoes, beautiful clothes, a set of the books which you most enjoy reading. There is hardly any end to the things we should like if we start really thinking about them. There is certainly no end to the things we should like, if we include all the things we should like to give to other people. Turn this book over now and make a list of all the things you would ask the genie to bring you. See how many you can write down in five minutes; then compare your list with those of your friends.

Did any of you ask for a mediæval castle, complete with battlements and turrets, courtyards, knights in armour, horses and pages? Or a cottage by the sea, where you can bathe all day in the summer, or a fast aeroplane to take you there for the week-ends, if you live in London or Manchester or Birmingham, right away from the coast? Or you might ask for your

private ice-rink or your own football or hockey ground. You have only to rub the lamp, and that is not very difficult.

There is no necessity to ask for money from your genie, because you would only have to go out to the shops to spend it, and it would be much easier to ask for the things you want to spend your money on. It would save the trouble of going to the shops, and even if you did, you might find they had not got what you wanted. In fact, I should very much doubt whether they could provide you with the mediæval castle, and I am sure they could not produce a live pterodactyl, (ask someone to tell you what that is, if you don't know), and that is one of the things I should certainly ask the genie to bring, as I have always wanted to see one, but am not very likely to do so now. So *things* are really, in the long run, much more worth having than *money*.

Once I asked a girl what she would like, if all her wishes could be granted, and she asked whether she might ask for good health. I think that was something much more sensible than the fast aeroplane or the camping outfit or the live pterodactyl, for that matter. A shop certainly is not any good in that respect, and, though money does help, it does not always succeed in getting you good health.

Only Three Wishes.

There was nothing very difficult about making a list of the things you wanted. The difficulty was to know where to stop. Suppose, however, that, when the fairy appeared, he (or she) said: "Well, you can have three wishes, but only three, *and* you cannot ask for money as one of the wishes!" You would need now to be very careful.

I expect you know the story of the old man and his wife who were allowed three wishes. The old man did not stop to think. He asked at once for a jam

roly-poly pudding. His wife was so annoyed, that she wished it would stick on the end of his nose. And as she had forgotten the fairy was standing by, ready to grant her wish, up rose the roly-poly pudding, and on to the end of the old man's nose it plumped itself. So there was only one thing to do after that, and the last wish had to get the pudding off his nose again. So in that way they *wasted* all their three wishes, by not being careful and thinking out first what they really wanted most.

Look through the lists of things you have made, and, leaving out money, if you originally wished for it (because it is not really *one* wish at all, but a great number of wishes, since it can buy a great number of *things*), try to write down the three things you would ask for, if you were only allowed three wishes. You will not find this so easy as in the first case, where your genie allowed you all the things you wanted.

What will you have to do? Obviously, you must go through your list very carefully, and *choose* those things which strike you as the most exciting or pleasant or beautiful or desirable in some way or other. Actually, by only being allowed three wishes, you have been rationed in the things which you were allowed to have. Sometimes in times of great national difficulty or danger, as during the Great War, the country runs short of some very important commodity, like meat or bread or sugar or milk, and then, to give everyone a fair share of what little there is, the Government has to step in and say that nobody may buy more than a certain quantity. That is called rationing people, and the amount which they are allowed to buy is their ration.

This time, three wishes was your ration of wishes. Since you could not have all the things you wanted, you had to choose those which were most desirable to you. You had to ration yourself. This you did by asking yourself such questions as: "Which do I really

prefer, a pair of boxing gloves or a football? ”—“A new pair of shoes or a fox-terrier puppy? ”—“A motor-car or a cottage by the sea? ”—“A meccano set or a camping-outfit? ” Often it is very difficult to decide, and we find, sometimes, that we have chosen the wrong thing, and that a new pair of shoes might really have been more satisfactory than the fox-terrier puppy, because the puppy ate up most of what remained of our old and only pair.

Think First.

The great thing to remember is not to rush to make our choices without first thinking over the matter. Because, if we do rush, we may waste our wishes on something we don't really want.

Suppose, for instance, somebody—some rich uncle—came along and gave you a present of five pounds, or ten shillings, or a shilling, even. Just before you received the money, you might have been thinking of a camera. You might rush out with your ten shillings, and buy the camera, there and then, on the spur of the moment. It might, of course, be just what you wanted, and you would remain completely satisfied. But you would, nevertheless, have been foolish, if you had not stopped to think first, before you spent the money. After all, it might well be that you would have to make that ten shillings last a long time. Perhaps it was your only rich uncle who gave it you. Perhaps you would not see him again for six months or longer. That ten shillings then would have to last six months. You could not always be taking photographs, but during that six months you could buy a new pocket-knife, and a box of paints, and a new cricket bat, and still have some money left for sweets, chocolates, or books.

It would be just the same if you had been given one shilling or five pounds. It is really

the same idea as with the three wishes. This time you are rationed in money—which we saw was like a number of wishes, because you can buy a number of different things with it—instead of being rationed in wishes. The more money you are given, the greater number of wishes you can grant yourself. But in the end you are rationed as to the number of things you can buy with it. One day, five pounds will all be spent, and one day even five million pounds would all be spent, though it would take most of us a long time to do it.

The important thing that you must bear in mind is that, because you are rationed as to the number of things you can get with your wishes, or with your money, you must always think carefully what you will do with your money or with your wishes before you use either. If you have a shilling, and you feel that you like hard-boiled eggs better than anything else in the world, you must spend it all on hard-boiled eggs. Probably that will cure you of your feeling. If you have *all* hard-boiled eggs, you cannot have anything else—you cannot have a pencil-box or an orange or a bus ride into the country. Whatever you do get will mean that *something else must be given up for it*.

Economy.

So you must think about it first. The reason is, that you want to make your shilling do the most useful things it can for you ; just as your genie had to do the most useful things for you that you could find for him. You want your shilling to go the farthest way it can, and to buy you those things which you really want most of all. If you spend it all on ice-cream on Monday, you will not have any more, perhaps, till Saturday ; and then you will be sorry all Tuesday and Wednesday and Thursday and Friday as well. Or if you spend it all on ice-cream, think out all the things you gave up

for that ice-cream, which you might have bought with your shilling. Was the ice-cream really "worth" those things which you gave up?

Making a shilling, or ten shillings, or five pounds, or three wishes or 300 wishes go the farthest way they can is called *Economy*. You do this because you want to get the best value out of your money. You can only get the best value out of your money by thinking out well in advance what you really want, and then seeing that you use *just enough and no more* of your money for *these* wants and not for any passing fancies. When you do this, *you are economising*.

It is really a very exciting and fascinating game which everybody plays all their lives. Some play it much better than others. Some people have much bigger sums to economise with than others have. They often find it much more difficult to economise so well as people who have very little money, and they often do it very badly, and then wonder why they did not get much satisfaction out of spending their sums of money. That is largely because they do not think out properly in advance how to spend their money.

Using your money, then, in order to buy yourself what you really want *in the least expensive way, after the most careful thought you can give it*, is the best economy for you. You may find that you do not spend all your money at once. If you have ten shillings, perhaps you will spend five shillings to-day, and then keep five shillings in case some brilliant idea strikes your mind next week. Or you may wish to keep all your money, because you may be going away for a holiday next month, and you may want some money to spend at the seaside or in the country. That is called *saving your money*, so that you can enjoy it by buying things later on. Or you may save it for a rainy day. If you are a keen cricketer, you may like to keep a little money,

in case you break your cricket bat. Or perhaps, if you are fond of someone, you may spend some of your ten shillings or all your ten shillings on that person.

Whether you spend your money or save your money, or give your money away, you must always *economise* with it. You must always think out as carefully as you can as many of the different ways as possible in which you can use it, and then decide to use it in those ways which you are sure will give you more satisfaction than any other ways. If you are sure that to buy 12 hard-boiled eggs is the only use to which you really want to put your shilling, then buying 12 hard-boiled eggs is your *best economy* of that shilling. Second thoughts, however, will probably bring you to a different conclusion.

Summary.—If we had everything we wanted, there would be no need to choose between things. Everybody is rationed with regard to the amount of money with which he can buy things. Therefore he must think over carefully what things he really wants most of all. This done, he should use his money to get these wants—if he can—with the least expense. In this way he “economises” his money. Using his money for things not wanted so much, or using more money than is necessary, is “wasting” money. Economising money might mean not-spending, *i.e.*, saving money, if he decides that he wants to save.

Written work.—Make a list (not more than 12 examples in each list) of :—

- (a) The things you would like to do.
- (b) The places you would like to visit.
- (c) The people who lived in past times whom you would like to meet.

Then ration yourself to only three items in each list. Put a tick against the three out of each list which you would choose.

CHAPTER 2

A JOB FOR ANYONE'S MOTHER

Incomes.

Aladdin's Lamps are all very well, but they are usually hard to find. Even rich uncles have a habit of disappearing, or of finding other interests than their needy nephews and nieces. So most of us have to put up with what is called an *income* to provide for our wants. That is a sum of money which comes in more or less regularly. In some cases, a certain sum of money may come in every month, or perhaps every three months, or six months or even 12 months. Very often your income is paid to you at the end of the week. If it is paid to you weekly, your income has to last you all the next week, and if it is paid to you every six months, it has to last you the following six months.

Now, since their income is paid to them in most cases, at regular intervals, your parents have to plan ahead carefully how they will use this money. If they did not look ahead at all, they would perhaps find that they would spend the whole week's money in three days, and then they might find they had not got anything for the milkman or the baker or the butcher either, for that matter, during the following four days. Usually, therefore, your father and mother decide how much is to be set aside for such expenses as rent and clothing and coals and lighting, and how much is to be spent each week on your food. That amount will naturally depend on the size of the income to start with, as well as on the size of the family. The money for

food and for materials for the house is usually given over to the mother, if the father earns the income, and then it is her job to spend that money every day. This is what is known as "housekeeping."

Housekeeping.

Some people think this is quite an easy thing to do. Like most things, however, it depends on how you do it. It is certainly not very difficult to go into a shop and ask for a pound of sausages, or half-a-dozen oranges. Nor was it very difficult, as we saw in the first chapter, to spend your shilling entirely on ice-cream or hard-boiled eggs. All you have to do is to go into the shop and ask for them. But you should remember, if you do spend all your shilling on ice-cream, or even part of your shilling on ice-cream, you have to give up something else that you might have bought instead. The proper thing to do is to sit down and think first.

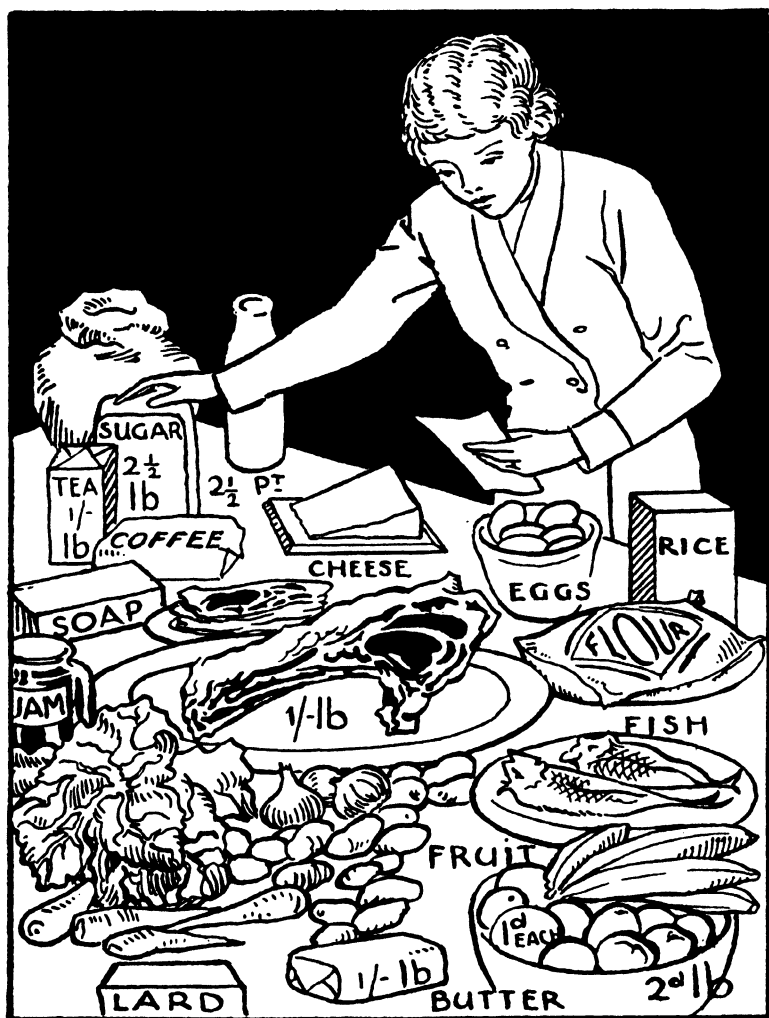
That is just what a good "housekeeper" must do. If she buys a pound of sausages, then she has to give up something else. So she must first of all ask herself: "Do I really want those sausages more than anything else?" Perhaps on second thoughts she will decide that a piece of fish would be more satisfactory. Or it may be that she will decide to have half a pound of sausages and a tin of sardines. Now, when your mother's money must last a certain length of time—let us say a week—there are a whole week's meals which have to be thought out in advance. The money has to be planned, first of all, so that it lasts out the whole week. It would be no good having big meals on Monday and little meals on Tuesday and Wednesday, and then a big meal again on Friday perhaps. Secondly, as far as the money will allow, the good housekeeper will try to buy a variety of food, because the same dish gets very boring, and it is better for your health to have different things to eat, if you can afford it.

Amounts of Things.

There are a great number of other things to bear in mind. The better the housekeeper, the more she will try to fit in her expenditure on any special food with all the expenditure on other foods. She must not get too much tea, if her family is going to drink cocoa as well. If she buys a lot of meat, they may have to go without fish. If she buys jam, then perhaps they must give up marmalade or something else. In other words, the thoughtful housekeeper must continually "economise." She must keep on thinking out carefully how far her money is to go; what is the best way she can use that money; and which ways will give her family more satisfaction than other ways. *To do all this, she keeps asking herself what they must give up, if she spends her money on one lot of things rather than on another.* Having decided what things she really does want to buy, she then sees that the things she cannot have must be gone without, that week at any rate, and off to market she goes.

Before we follow her to market, however, it would be a good plan for you to put yourself in her place, and to see if you can plan out her expenditure yourself.

Let us imagine that your family consists of your father and mother, a brother or sister and yourself. There are four of you, then, in all. It would not be very difficult to write down all the things you would like to eat and drink during that week when you are housekeeping. But if you ordered all the things you would like, your father would not be very pleased when he saw the bill. It would be like Aladdin's Lamp without the genie. If we could have all we wanted without any effort on our part, or without paying for it, there would be no need to economise. You can try writing down all the things to eat which you would like to have, during a whole week, if you had not to bother about paying for them. See how many you can manage



A HOUSEKEEPER'S JOB

to think of in three minutes. Compare them with those of somebody else, and see if many of the things are the same.

Prices of Things.

Now imagine that you are doing your mother's job for her, to give her a change or a rest, and suppose that your father gives you £1 to spend on food which must last all four of your family the whole week. Try to write down how you would spend your money now. I think you will find that it is very much more difficult than you may have thought. In order to make your £1 go as far as possible—to "economise" as well as you can—to spend your money so that your greater wants are satisfied and not unimportant ones—you will find that you have got to know the *prices* of a great many things. It is no use saying you would like to have sausages for breakfast, unless you know how much sausages are going to cost you. Because you may find that four sausages—one for each of you—will cost you more than you want to spend, and that you would prefer to keep the money and buy kippers for your tea instead.

Choosing between things.

In either case, whether it is sausages or kippers which you are going to buy, you must know the prices of both sausages and kippers before you can decide. You must know a great deal more, too. We saw that we had to economise, because if we buy any one thing, we have to go without something else. Therefore, to economise really skilfully, we ought to know the prices of all the things we may go without. Those things are called *alternatives*. Anything which we could have bought instead of the sausages is an alternative. It might be eggs or bacon or sugar; or even a turkey, if we think of a great many pounds of sausages.

During the next two weeks, you should try to find out the prices of as many of the things to eat and drink which you think you might want to buy, if you were acting as housekeeper to your family, as we have imagined. Then consider *how much* of each thing you will buy. *Remember that there are four of you, and you are being given a fixed sum of money to spend.* It need not necessarily be £1. If there are a number of you in a class, and you like to decide on a larger or a smaller sum to spend, you can just as easily do so; but you should all fix on the same sum, so that you can compare your lists together. You might also try to make the list for yourselves, without anyone's help, beyond finding out the prices of the different things you may buy. When you have made them out, you should bring them together with those of your friends, and then you can tick the things and the amounts which you all decide are the best, (considering the limited amount of money you have to spend), and you can write down on your list those things which you left out, but which you feel ought absolutely to have been included.

Summary.—People are usually only able to spend their incomes. A part of this income must be spent buying food for the family, or “housekeeping.” A good housekeeper thinks out, not only what food is most needed for the house, but considers also what are the prices of that food, and what she must give up to get it. Things she must give up are called alternatives. When she has fully thought this out, she uses her money to buy as much of her greatest wants as possible. Thus she economises her money.

Written work.—This is a list below of a part of our nation's housekeeping. In the year 1930, our country spent, either nationally or locally, the sums of money shown against the different items. The total comes to

£570 millions. If it were necessary to cut down the total by £100 millions, how much would you cut off the different items, and which items would you cut and by how much? Give reasons to support why you think your decisions are the right ones.

<i>Object on which money was spent.</i>					<i>Amount spent.</i>
					£
Army	..	..	..	..	32 millions
Navy	..	..	..	..	43 "
Air Force	..	..	..	..	16 "
Education	..	..	..	..	104 "
Housing	..	..	..	..	37 "
Old Age and Widows' Pensions					72 "
War Pensions	..	..	..	..	49 "
Health Insurance	..	..	..	..	39 "
Hospitals	..	..	..	..	12 "
Lunacy	..	..	..	..	5 "
Unemployment Benefits	..	..	..	..	102 "
Poor Relief	..	..	..	..	43 "
Law and Justice	..	..	..	..	16 "
Total					570 "

CHAPTER 3

A JOB FOR ANYONE'S FAMILY

Family Expenses.

Some of you will have made out your lists for the week's food expenditure for your family of four. You must now think about a wider range of things, on which all families have to decide how to spend their incomes. As you all know, there are many other ways in which money must be spent than merely on food. Each family, we saw, has a limited income, and parents have to decide how to spend that income to satisfy their more important wants in the least expensive way, that is, in the most "economical" way.

Now what a family *would like* to have, and what it *can* have, are obviously two very different things. We saw that Aladdin's Lamps and rich uncles do not often come our way, so we must do the best that we can with the income we have for the time being.

It would be good practice if, where there are many of you together, you arranged yourselves in couples. Each couple would represent a father and a mother of the family; it does not matter which you pretend to be, as both are equally important, and you can both be father and mother at the same time, if you prefer. Then you must consider what you would do with *all your income*, just as you did for the food expenditure. Only, in this case, you need only put down the ten most important things on which you spend your money. Arrange them in their order of importance, and do not try to say how much you would spend on each, as that

is yet rather too difficult. You must choose between different things, but you need *not* say how much of each thing you choose.

At the end of this chapter is a list of some of the most necessary items for which, whenever possible, every family should try to put aside some of its money. Do not look at it, until you have made out your own list. When you have done this, turn to page 25 and look at my list.

Group 1.—Necessities.

It is difficult to think of any family not being able to provide the things in the first group of our list. These are called the *bare necessities*. It is very sad to think that there are people who have to go short of food or heating, or who cannot afford to buy new clothes when their old ones are worn out, or who have to leave their homes because they cannot pay their rent. It is nevertheless true that a great many unhappy people in England are still in this position. Their numbers in proportion to the total population have very greatly declined in the last 100 years, though there is still room for much more improvement.

I think every one of you will have included *Food* in your list. You would be very unthoughtful parents if you had forgotten that item. I do not suppose many of you left out *Fuel* and *Light*. Fuel, of course, includes coal and gas and, in those houses which use it, electricity for heating. Sometimes oil is used for heating. Fuel is necessary also for cooking, and a good "economical" housewife will remember, when choosing her food, that some kinds of food and cooking—like plum-puddings—will require much more heating than others, and therefore need more expenditure in fuel stuffs. I think we can say that light is a necessity nowadays. It would not have been considered to be so not so very long ago, when

most people had to go to bed very soon after it was dark, because the lighting materials were so scarce and so expensive. Nor is light considered a necessity to-day in Russia and in some other lands.

Sufficient *Clothing* is certainly needed by us all. What we may consider sufficient, of course, depends upon what we have been used to have. If we have been lucky in having a large income to spend, we might think a good deal more in the way of clothes is necessary to us than other people might think. Probably it would be better, therefore, for other people to judge what is "necessary" for us. It is quite certain, however, that clothing should be sufficient for all members of the family, so that they shall be protected from cold in winter, or from too great heat in summer, and so that it shall keep out the wet on rainy days. Most of us also require that our clothes should look pleasing, and, if possible, even beautiful. This is quite right, and it is very desirable that clothes should please us in that way. It is, however, not exactly a *necessity* that they should do so.

Laundry and Cleaning materials, like all forms of washing, are a necessity in these days because, unless clothes and linen and bodies and rooms and pots and pans are kept clean, dirt breeds disease and illness and ill-health ; and all reasonable actions on our part to prevent these are a necessity as well as a duty.

Rent and Rates must be paid by all families. Sometimes they are paid together, as is usual when people live in flats instead of in houses ; sometimes they are paid separately. Rent is what you pay to the landlord who owns your house. If you own your own house, it means that you have paid a lump sum of money for it. Hence your income (what comes in to you every week or three months or year) is so much less, because that lump sum of money would have brought you in *interest*, if you had lent it to a business man (*invested* it) instead of buying

your house with it. This is really just the same, then, as paying rent to another man who owns your house. Rates are sums of money paid to the local authority, the Town Council or County Council where you live. They have to be paid by all householders for the services the Council performs on their behalf. I shall not tell you what those services are at present. It would be a good thing if you could find out for yourselves in the meantime. For instance, have you ever thought where the water for your bath comes from?—or who supplies it?

All these ways of spending the *family income*, then, are the most important, and therefore come first. Until you have set aside enough money for these, you cannot begin to think of a motor-bicycle or a holiday at the seaside, or a set of your favourite author's books, or a nice comfortable armchair; because you would get no real enjoyment from your holiday or from your armchair if you had no proper clothes, or not enough to eat.

As far as our list is concerned, then, you cannot think of bicycles or books and such things as yet. You have a real responsibility on your shoulders, and you have to think about the welfare of your whole family as well as of yourselves. There are a great many things more important than holidays or motor-bicycles.

Group 2.—Further Expenses.

In the first place, among the expenses which come immediately after bare necessities is *insurance*. Most people nowadays are insured. That means that they pay a small sum of money weekly or monthly or yearly in return for a lump sum later on, or for certain services.

For instance, sometimes you have to be insured by law, under what is called the State National Health Insurance Scheme. You have so much deducted weekly from your wages, and, when you are ill, the

State arranges for a doctor to look after you free of charge. You are also often insured against unemployment, accident and old age. The advantage is that, because nobody can ever be sure whether or not he or she may be ill or have an accident or lose his job, by paying a little money every week, you *can* be sure that you will have the means of getting well again, of paying the doctor's fees, of being helped by receiving an income (even though a small one) if you are out of work, or having an income (only a small one), if you have an accident and become an invalid. In this way your life becomes more *secure*; and if you suffer any of these unfortunate chances, you do not become a burden on anyone else, and your life is happier than it otherwise would be.

Many men feel it is their duty as well as their wish to *insure their lives*, so that if they die, so much money is given to support their wives or children. By giving up so much income now, the family gains the feeling of relief from uncertainty regarding the future. Unless families are rich and own a large amount of property, it is always a most serious thing for all the members if the father of the family dies or has a long illness.

Again, many people *insure their property* against fire or burglary or other accidents, as, however careful you are, you can never be quite sure that a fire may not break out in or near your house and destroy all your belongings; and it is better to pay a little every week, even though you never have a fire, than to run the risk of losing all your property, which you could not afford to replace.

Insuring your life in the way I have just explained is one way, and a very good way, of *saving* money. If their income is large enough, most people save something for the future. This is for many reasons. Partly, just like insurance, it makes your whole life more

secure. It is all very well enjoying life for 40 years, but if you are likely to live 60, and if you are not likely to be able to go on working more than 40 years, you must have some money to fall back on for the extra 20 odd years. So you decide to save for that future time when you can no longer earn money. The State helps you in this by giving an Old Age Pension to all people over 65 who have belonged to their National Health Insurance Scheme.

You may save up, also, not for your old age, but for something in the much nearer future. If your family wants a summer holiday, you must put aside a little money all the year round to make it possible for you and your family to go away ; or you may save up for a good plump turkey for Christmas ; or for a wireless machine or for a piano. *All large expenses outside the ordinary weekly or monthly ones need saving to make them possible.* Very often *clubs* exist, holiday clubs or Christmas clubs, to which you pay your saved money each week. This makes it more difficult for you to spend your savings before you have got what you originally intended to buy. How much you will decide to save is a difficult question, and depends chiefly on the size of your income.

Then there are other expenses which must be met, if it is at all possible. Nowadays many men live a long way from their jobs, and many women live a long way from the market where they buy their daily goods. Even though the shop people come round to the door, it is often better and cheaper for the mother to go to market herself. To walk or to bicycle to your work is often tiring. Sometimes the man lives too far away to make even that possible. It means getting up earlier in the morning, and if work is hard and tiring, a good night's rest is necessary to help him to do well during the day. So some money must be used to pay the *Fares* charged by the railway companies or by the tram or omnibus

companies, who provide the transport to get the father to business, or the mother to market. If you were very poor, you would not be able to afford this, and you would either have to walk or try to get a house nearer your job. So, it is not quite a bare necessity, though it is very nearly one.

Next there are what are called *Household Renewals*. That means re-newing, or making new, those things which wear out or which get spoilt or lost. Things do not last for ever. Kettles get thin and begin to leak; chair legs get broken; cloths and towels wear into holes; the taps lose their washers after a time. Whatever the reason may be, you have to make them new again. If you can, you mend them; if you cannot do that, you must buy new ones. That means that you must always allow a little money every week to be spent on renewing your goods and tools. It is rather like saving; but it is different in this way: that you save for something extra or unforeseen, but you put aside renewal money for what you ordinarily must have and must use. All businesses do the same thing; they create what is called a *Reserve Fund* for this purpose.

If there are children in your family, you must think about their *Education*. A great deal of education is now provided free by the State, but it is always possible to spend your own money on your children's education also, if you can afford it. In this way, you can buy the means of their taking special classes which would assist them in any special way, which you thought might be helpful or enjoyable for them in later life. You can provide the money for them for a certain kind of engineering class; or a drawing class; or ordinary school work of a higher standard than that at which the State's free education ends; or dancing; or dress-making; or joinery. You might even help your children to get books or papers or pencils so that they

can help to educate themselves. In whatever way you decide to do it, you will probably feel that it is a real necessity and an expense which must be met, if you possibly can afford it. Many men and women who have educated themselves have even found it is a bare necessity. By that, I mean they have definitely cut down their food or their clothing beneath what most people consider the lowest figure to keep a person in health, in order to buy themselves or their children the means to obtain knowledge and learning. Whether they are right to do so is a question each person must decide for himself or herself.

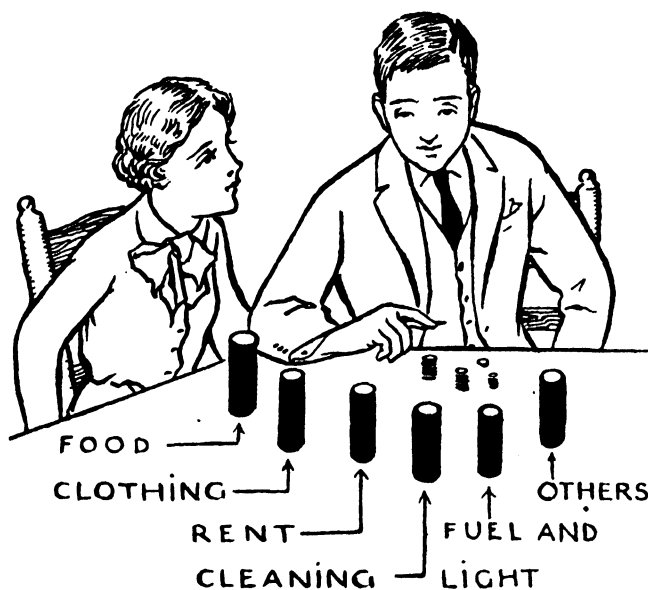
Lastly, there is always the possibility of sickness in your family, however careful you are. The *Health* of your family is one of the most important things which you must bear in mind. (Happily, the nation as a whole suffers far less from serious outbreaks of illness than in bygone days.) Nevertheless, a certain sum of money should be set aside for such times, though it is to be hoped that they will come very seldom. Even though medicine is usually provided free under the National Insurance Scheme, there is always extra expense for food and heating and lighting needed in times of illness.

You should now take my list and compare it with your own list of the ten most important things which you should provide out of your income for your family. Tick off those on both lists which are the same. Consider whether the remaining items on your list, without a tick, have a better claim to be on the list than the ones on mine without a tick. You will see that there are no specially *enjoyable* expenses on my list. Although we have talked about holidays, I have not yet included them. Nor have I put in visits to the cinema, nor books, nor footballs, nor picnics in the country, nor visits to the Zoo. That is because I feel that you ought to decide *first* how much you should spend on the bare

necessities or the further expenses. And the reason for that you must look for in the next chapter.

List of Family Expenses.

Group I—Necessities.—Food. Clothing. Rent. Fuel. Laundry or Cleaning.



FAMILY EXPENSES

Group 2—Further Expenses.—Insurance. Fares. Household Renewals. Education. Health.

Summary.—Other expenses occur for the family beyond buying food. These expenses satisfy different wants. The most pressing wants are called necessities, and good economising uses the family income to satisfy these wants before others less pressing.

Written work.—At the end of this chapter you have read my list of the ten most important items on which a family should spend its income. What do you consider the ten *next* most important items on which they can spend their money? Supposing, of course, that the family income is large enough to buy the things. Arrange your list *in order of importance*.

CHAPTER 4

ONE FAMILY AND ANOTHER

UNLESS you can buy a certain amount of food, have a certain warmth and cleanliness of house and clothing, and be protected against wet and damp, you will not be able to keep in good bodily health. Sufficient food, sufficient housing, sufficient warmth and cleanliness are the actual necessities to preserve life. That is the reason why I said at the end of the last chapter, that you should place expenditure on those things before any of the more pleasurable or more interesting or more exciting forms of spending your income.

A Bare Living.

Broadly, what we considered as the sum of money needed to buy the bare necessities and the further expenses is known as the *Subsistence Level*. That is, it is the smallest sum which is needed just to keep a family alive, and to prevent it from getting weaker in mind or in body.

It is difficult to say what is that actual weekly sum of money for a person to-day. That depends on a great many circumstances. For instance, a man needs more food than a woman, because food builds up energy and power, and a man usually has to spend or to give out more energy and power in his daily work than a woman. Similarly, a growing boy or girl of 15 will require more food than a child of 6 or 10, because he or she is bigger and needs more. Then again, if you live in the country, you may have a garden

to your house, or at any rate an allotment, near at hand, in which you may grow vegetables, which help you to meet the food bill. Or you may live in a town where there is very little housing accommodation near the big factories, so that rents are high and the money needed for mere subsistence is, therefore, higher than it would be in other districts. If you live in a cold, bleak district, your weekly money should be a little higher than in a warm sheltered one, because you will need more coal in winter and warmer clothes.

Food for a Family.

In a rough and ready way, it is possible to estimate, that is, to work out, the smallest amount of money weekly which is needed for a family just to exist. Of course you would have to say how big your family is. When expert and experienced men or women make this calculation, they generally take as the basis of their figures what is called a *Standard Family*. That is a family of five people. It includes, of course, a father and a mother and three children under the age of 16. These experts have also calculated, by investigating, or examining, the weekly budgets of a large number of families, that before the War, in 1914, nearly two-thirds of their total incomes were spent on food.

On the opposite page is a table of food for a week, which was considered necessary for a Standard Family in 1914.

Remember that five people have to live on this food, and that it must last a week. How much fresh milk will each member of the family get every day, if five people share $9\frac{1}{4}$ pints in a week? Would it amount to half a glass? And then bear in mind that you can't make a milk pudding without *some* milk, however stodgy it may turn out. Perhaps one of the children is only a baby. That will mean more milk to be bought, but less meat. Do you think that would balance out?

Weekly food for a Family in 1914

	lb.	s.	d.
Bread and flour	33 $\frac{1}{2}$	4	2 $\frac{1}{2}$
Biscuits, cake	—	0	5 $\frac{1}{2}$
Meat sold by weight and sausages	7 $\frac{3}{4}$	4	10 $\frac{1}{2}$
Bacon	1 $\frac{1}{4}$	1	2
Other meat and fish	—	1	0 $\frac{1}{2}$
Lard, suet, etc.	1	0	7 $\frac{1}{2}$
Eggs	No. : 13	1	1
Fresh milk	Pints : 9 $\frac{1}{4}$	1	4 $\frac{1}{2}$
Condensed	—	0	1 $\frac{1}{2}$
Cheese	Lb. : 1	0	7 $\frac{1}{2}$
Butter	1 $\frac{3}{4}$	2	0 $\frac{1}{4}$
Margarine	$\frac{1}{2}$	0	2 $\frac{1}{2}$
Potatoes	15 $\frac{1}{2}$	0	11
Vegetables	—	0	7
Fruit (fresh)	—	0	5
Rice and tapioca	Lb. : 1 $\frac{1}{2}$	0	4 $\frac{1}{2}$
Oatmeal	1 $\frac{1}{4}$	0	2 $\frac{1}{2}$
Tea	$\frac{3}{4}$	1	2 $\frac{1}{2}$
Coffee	—	0	1 $\frac{1}{2}$
Cocoa	—	0	3 $\frac{1}{2}$
Sugar	6	1	1
Jam	—	0	5
Syrup	—	0	1
Pickles	—	0	1
Other food	—	0	9 $\frac{1}{2}$
Meals out	—	0	6
			24 11

The Cost of Food.

The total cost of all these things in 1914 was 24s. 11d. You should all find out for yourselves how much it would cost to buy the same things to-day. You can do this by enquiring at the actual shops where you buy the things, or by asking your parents or anyone likely

to give you an accurate account. You can compare your results one with another, and see how near they are to each other.

The Government now, through the Ministry of Labour, makes an estimate (that is a calculation) of the money needed to buy these things every month. It also adds what is required for our Standard Family for such things as Rent, Fuel and Light, Clothing, Insurance, Fares and Sundries. The total is known as the *Cost of Living*.

If the amount of money needed to buy the same things is greater one month than before, it is said that the Cost of Living has "gone up." Or it may be that the Cost of Living may "go down." If twice as much money were needed to buy the same things, the cost of living would have risen 100%—that is, it would have been doubled. You should work out, if you can, how much *per cent.*, greater or less, is the cost of these articles of food which you calculated for to-day, compared with the 24s. 11d. which they cost in 1914. *Has the cost of living risen or fallen?* You should check it with the Government figures which are published in most newspapers once a month, or in the Ministry of Labour *Gazette*. It is not very difficult to find these figures if you ask people to help you.

How Families Spend Their Money.

Not very long ago,¹ an enquiry was made into the incomes of different people, and how they spent those incomes. In other words, how they economised. These were actual incomes and actual expenditure, not those merely of a "standard family." The results obtained showed some very dreadful facts. In other

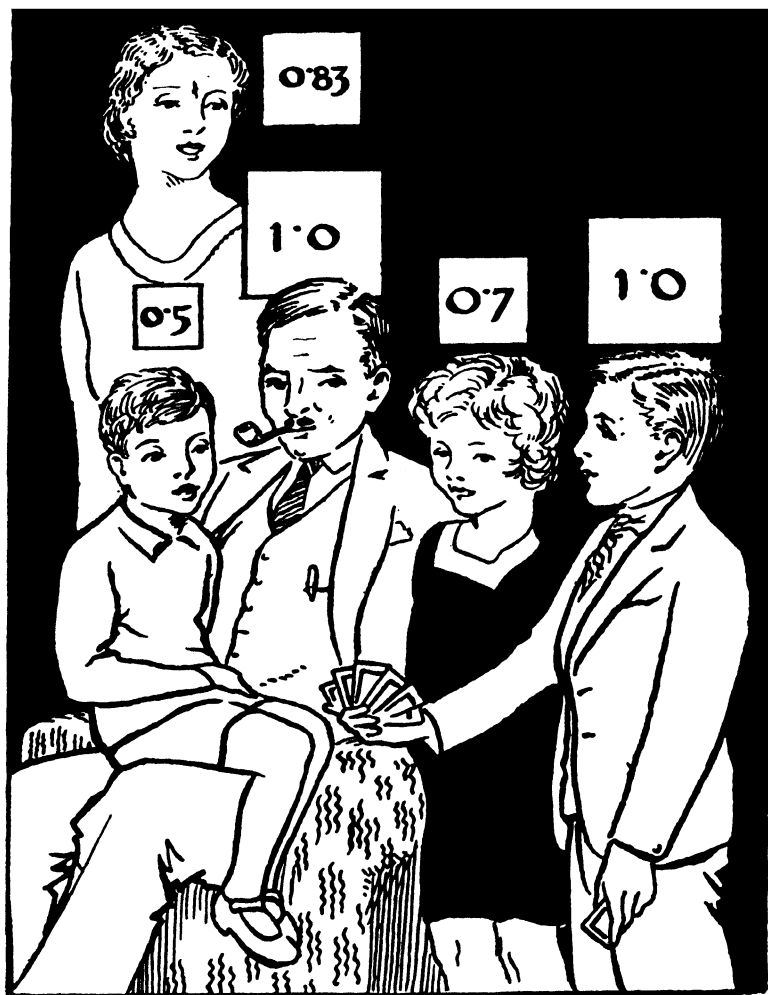
¹ These figures were analysed by Mr. G. L. Schwartz and are published in full in *The Listener* of July 15th, 1931, by whose kind permission these extracts have been made.

words, there were some people whose incomes were definitely *below* that of subsistence level. There were also a great number of people whose incomes would be at just about the subsistence level. I am giving you here five of these budgets. You will see for yourself what economy these people were driven to use, and how necessary it was that they should practise the very best possible economy, because they could not afford to waste a single penny.

						<i>Income.</i>	
						s.	d.
Case A.	An Ex-Service man	Unemployed				23	0
„ B.	A Country Labourer	..	..			39	0
„ C.	A Postman	..	..	..		48	2
„ D.	A Miner	..	..	..	..	60	0
„ E.	A Policeman	..	..	..	..	102	6

Each of these different people had families to support, but, as the ages of the people in their family differ, we must try to make some proper allowance, so as to be able to compare those families when we want to know how much food each *family* requires. To do that, we can employ the following method, which is used to reduce the food-requiring values of each *individual* to a percentage of a grown-up man. This is the table which permits us to do this, and which is used by experts in these enquiries :—

An adult (grown-up) man	requires	1.0	ration of food.
„ „ „ woman	„	0.83	as much food
			as a man.
A boy over 14 years	„	1.0	„
A girl over 14 years	„	0.83	„
A child between 10 and 14	„	0.7	„
„ „ „ 6 „ 10	„	0.6	„
„ „ „ 0 „ 6	„	0.5	„



HOW MUCH THEY NEED TO EAT

We see that a man and woman together = $1.0 + 0.83$ adult men = 1.83 of what food two men need. When we make these allowances for all the individuals, adults and children, in the five families whose budgets we are investigating, we find the following results:—

Case A.	The Ex-Service Man needs				
	food for	..	..	3.49	adult men.
„ B.	The Country Labourer needs				
	food for	..	..	3.68	„ „
„ C.	The Postman needs food for			2.33	„ „
„ D.	The Miner needs food for			5.23	„ „
„ E.	The Policeman needs food				
	for	..	..	3.33	„ „

We are now in a better position to compare these families. If we divide the income, as shown on page 31, by the number of adult people in each family, we find how much money there would be *for each person in the family, if all the members were adult men.* This is necessary as, obviously, a family of grown-up children needs more food and clothing than a family of young boys and girls between 6 and 10. If we do this, then we get the following results:—

Income available for each individual of family, if all persons were adult men.

					s.	d.		
Case A.	Each adult man has	..			5	9	per week.	
„ B.	„ „ „ „	..			10	7	„ „	
„ C.	„ „ „ „	..			20	8	„ „	
„ D.	„ „ „ „	..			11	6	„ „	
„ E.	„ „ „ „	..			30	9	„ „	

We see, then, that the members of the ex-Service man's family (A) are insufferably badly off. Remember, this is their total income for *all* purposes, not only for food. There is not much difference in the position of the country labourer and the miner, because, although the miner's wage is larger (see page 31), his family is considerably the larger too (see page 33). The postman is twice as well off as the country labourer from the point of view of meeting his *needs*, although his *money wages* are by no means double the country labourer's. And the policeman is much better off than the others, because his wage is larger.

Summary.—Every family needs a minimum of food to keep up bodily health and strength. The money just to buy this is known as the Subsistence Level. It varies as the prices of foodstuffs go up and down. This variation is called the Cost of Living. In considering how much this money needed for subsistence is for any single family, we must consider who are the members of the family, because young children need less money for food subsistence than grown-ups. We can compare any family with a "standard family" on whose needs the cost of living is worked out.

Written work.—Either :—1. A certain man's wages in money in 1924 were 45s. His wages to-day are now 40s. The cost of living to-day, however, is only 80% of what it was in 1924. Is the man "better off" or "worse off" to-day compared with 1924?

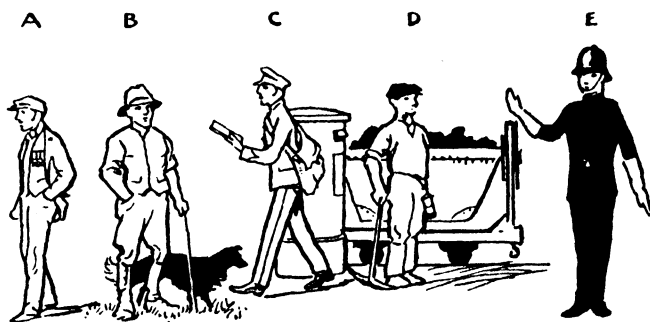
Or :—2. A man and his wife put aside 20s. a week for their food in 1924. To-day they have three children. One is aged 12, one is aged 8, and the other is aged 3. They now set aside 30s. a week for the whole family's

food. Supposing that the prices of foodstuffs have not changed, and that the food is divided among the family according to the table on page 31, do the man and his wife get as much to eat now as they did in 1924 ?

CHAPTER 5

A DIFFICULT ECONOMY

Now let us look and see how each of these individual families in the last chapter actually economised. If you look back at Chapter III, you will remember what were the items which must be first borne in mind in dividing up the family income weekly into different



ITEMS OF EXPENDITURE

kinds of expenditure. You should consider the incomes of these actual families, and think for yourself how you would spend the money available for the different families.

How did they themselves divided their money resources between the possible uses to which they could put them? In other words, how did they actually economise their money?

After dividing up their expenditure in different ways, we can compare their choices in the table on the opposite page.

Family Spending.

ITEMS OF EXPENDITURE WEEKLY OF 5 DIFFERENT FAMILIES.

	A.	B.	C.	D.	E.
Rent and Rates ..	6/6	7/6	6/-	9/9	24/4
Food	10/-	18/8	23/6	30/-	31/8½
Clothing and Laundry	—	2/6	—	—	—
Fuel and Light ..	2/-	5/-	6/4	3/10	4/8
Cleaning Materials ..	1/-	6d.	—	2/6	5½d.
Insurance	1/-	—	3/10	—	2/8
Husband's Expenses	2/6	—	5/-	4/3	2/6
Amusements, News- papers, etc. ..	—	1/9	—	1/-	—
Savings	—	—	—	—	—
Holidays	—	—	—	—	—
Fares	—	—	—	—	—
Charities	—	—	—	—	3/3
School fees	—	—	—	—	1/6
Miscellaneous, includ- ing doctor's fees, household renewals, etc.	—	—	—	—	—
Not classified	—	3/1	3/6	8/7½	31/5

Now you should be able to see that good economy is not a very easy job to tackle. I expect you will at once see that there are a great many things which you think ought to be in the lists, but which are not there.

For instance, there is no money allowed for clothing in A's family. What do they do when their boots wear out? Nor is any money allowed for fares by any of the families, unless it is taken out of the "not classified" group, which refers to the money which is spent on odds and ends of different kinds. Do you ever upset the crockery and break a plate or dish? Where will the

money come from to buy a new one ? How do A, B and D families find money to buy one another Christmas presents, or to pay the licence for the dog ? Somehow or other the money has to be found, and it can only be found by *foregoing*—that is, by doing without—something else.

What they “do without.”

What can they do without ? Broadly, either they must stop paying their rent, and, if they do that, they risk losing their house and being turned out into the road ; or they must put less aside for insurances, and if they do that, illness may find them with little or no means of buying the medicines or holidays they require ; or they must spend less on their food. This is perhaps the easiest source of economy. Do you think it is the wisest ?

Food Needs.

The answer to that question will depend, of course, upon how much is already being spent on food in relation to the number of persons who have to live on it. Not long ago (1931), it was calculated that a grown-up person or adult man needed at least about one shilling's worth of food per day to keep himself in bodily health and strength. That is, of course, 7s. per week per adult. Some people in 1933 thought 5s. 10½d. was enough ; we will assume 7s. a week is a more correct figure.

Let us now consider again our five different individuals and their weekly budgets. If we accept 1s. per day as our minimum standard for food expenditure, then we should find that the smallest amount which each of our five families should spend on food can be calculated as follows :—

	<i>Equivalent no. of adult men in family</i>	×	<i>Expenditure needed for 1 adult man</i>	=	<i>Expenditure needed for the family</i>
Case A	3.49	×	7/-	=	24/5
„ B	3.68	×	7/-	=	25/9
„ C	2.33	×	7/-	=	16/4
„ D	5.23	×	7/-	=	36/7
„ E	3.33	×	7/-	=	23/4

The last column shows us what each family should spend on food alone. Why is the amount needed by the miner so much greater than that required by the postman?

Let us now put down, side by side with the amount each family *requires* to spend in food to keep in proper health, the amount it *actually does* spend. We then have this table:—

<i>Family.</i>	<i>Amount actually spent on food per week (cf. page 37).</i>	<i>Amount required for food per week (as above).</i>	<i>Amount spent greater(+) or less (—) than amount required per week.</i>
Unemployed ex-Service man ..	10/-	24/5	—14/5
Country labourer	18/8	25/9	— 7/1
Postman	23/6	16/4	+ 7/2
Miner ..	30/-	36/7	— 6/7
Policeman	31/8½	23/4	+ 8/4½

We pointed out on p. 34 how terribly low was the income of the unemployed ex-Service man. You can see now what that means in terms of the food which he has to go without and which he needs as a bare minimum to keep his family in health.

The postman and the policeman are both able to buy

more than a bare sufficiency of food. The country labourer and the miner, however, do not get enough. We must be careful to remember that the country labourer is much more likely to be able to grow some of his food, such as vegetables, for himself in his garden, than the other families unless, at any rate, they have allotments. This is often not easy in big towns. This food grown on his own land would not be shown in the table, and to that extent his position may be just a little better off than it appears.

This is not *necessarily* typical of these different kinds of workers. There are many labourers in the country and many miners who do get sufficient food, although it is true that, at the present time, wages are low in both these kinds of work. There may be postmen and possibly even policemen who do not get sufficient food, though I do not think it is at all likely, and there would be very special reasons to account for it. The cases we have taken are particular cases and not intended to represent other people in the same kind of job.

For a great many years since the War, which ended in 1918, there have been a large number of men who, however hard they have tried, have been unable to find work. These men and their families have had to live on a small income provided for them by the State. A man and wife might receive, in full relief, about 26s. per week.

In 1934, there are still over two million men and women and their families in this condition. You do not need much imagination, when you consider the difficulties of economy in this chapter, to realise the tragedies of their homes.

We can see then that if they were hard pressed to it, the postman and the policeman *might* economise on their food if they were really very keen to save up some money for a holiday, or a motor-bicycle, or some new furniture. That is because the money they do spend on

food and other necessities and further expenses is above the minimum which they need. You are in a position to decide now yourselves, whether economy in food would be wise economy for either the unemployed ex-Service man, or for the country labourer, or for the miner.

When there is very little money to spend, you must make every penny go as far as it is possible. In other words, when there are a great many wants, and very little means of satisfying them, we should be very careful to see that nothing is wasted. In the matter of food, this is particularly important. We require food to give us strength and warmth and energy. Now, some kinds of food give us far more strength and warmth than other kinds. For instance, meat bones boiled down for soup, swedes, fish and chips, cocoa and margarine are all fairly cheap and are very nourishing. Although cheap, however, they are often beyond the means of the unemployed families. Calculations on these lines were made by certain scientists and doctors, who came to the conclusion that 5s. 10½d. per week was sufficient in 1933 for an adult man's food, to keep him in proper strength and warmth. Possibly this may be true for one week. But if you consider a man living week after week on exactly the same food and with little or no variety, I think that most people would agree that he would become ill in the long run from very distaste at seeing always the same dishes of food. *In other words one must use one's imagination and consider not only the body value of the food, but also the effect of the food on the mind.*

We must remember, then, that the best economy, when buying food, is not only to think of the quantity of food, but also to think of the *quality* of food. For the same amount of money, spent on food, a good housewife can buy, perhaps, double the amount of strength- and health-giving properties as compared with those bought by a bad housewife. We should call the

good housewife, then, an economical one, *because she gets what she wants with the smallest possible amount of expenditure of her scarce housekeeping money.*

True Economy and . . .

The same principle of economy can be seen in a great many ways of life. Why do owners of factories put in machinery in their works? Because they find that machinery will turn out more goods very often than the men who would otherwise be employed; and it costs less of their scarce money, *in the long run*, to buy machinery than to employ the labour, taking into account the greater number of goods the machines turn out, compared with what the men can make without them. Why do you usually take the shortest way to go to school? Because you want to get there with the smallest possible amount of expenditure of time and effort. You are economising your scarce time and strength. You have only got 24 hours to each day, and even the strongest of us get tired after doing a certain number of different things.

False Economy.

You should, however, always be careful to consider whether your economy will bring you what you really want. If it does not do so, it will be false economy. If you want a *good* pair of socks, do not use the cheapest wool with which to knit them. You will not use much of your scarce money, it is true; but you will not get what you want. What you or your brother will get instead, will be a *bad* pair of socks, which will go into holes, probably, the first time you wear them. Then you will have to pay more in the end to buy wool with which to darn them.

A man may want to make a lot of money, and he may drive all the workers in his factory to speed up their output. This may succeed for a short while, but soon

the workers will strike, or they will leave his factory because they dislike being over-pressed. Then the stoppage of work may result in his losing more money than ever he made or was likely to make by "speeding-up" the machines. This man economises badly in his use of his men's work. He does not get what he really wants, because he does not look far enough ahead. *What he thinks is economy is only false economy.*

Some of the most important problems of modern society are concerned with this very same problem of true and false economy. We say that factories and machine work are good because they make us all richer. No one can deny that we are better housed and fed and clothed as a result of this kind of production. But men and women are not so happy in their work as they used to be before the machines did so much of it. If our object—what we really want—is to be rich, then factories and machine work are "good economy" of our work and of our time. But if what we really want is to be happy, rather than to be rich, then it is *not so certain* that machines (at any rate, machines used as they are now) are "good economy." You must give the matter much more thought.

This is what is meant by the old saying: "Penny wise, pound foolish." Though really it is the *unwise*, not the wise, penny which costs the foolish pound.

Summary.—In these examples of family expenditure, many things which one usually considers "necessary" cannot be bought. They have to be "foregone" for something still more necessary. The smallest money expenditure needed for a family's food is found by multiplying the amount of money needed by one adult man by the number of adult men in the family. Some of our families are forced to "forego" some of the food needed for a bare subsistence. This is always the worst form of cutting down expenditure, if it can possibly be

avoided. The idea of economy, making some scarce article "go as far as possible" in getting your wants with the least amount of waste is present in many ways of life. False economy means spending money (or not spending money), but *not* getting what you want.

Written work.—Do you consider the use of more, or the use of less machinery would make for a better "economy" of our work and time at the present moment?

ECONOMY IN THE MARKET

CHAPTER 6

THE MAGIC PURSE

IN this chapter we are going to try to understand something of the meaning of money. To do so, we will go on a shopping expedition in the market.

Off to Market

Imagine that you live some way away from a village or town, and that you want to buy enough food to last you a week. You belong to a family of father, mother and three children, and, as you are about to buy the week's food, we will suppose that you are either the father or the mother. Almost certainly you will be the mother, but as it is just possible that the father must come instead, we will call you the "housekeeper."

On page 46 is a list of some of the things you will decide to buy, their prices, and the amounts of each thing which you will need to feed your family during the week. Together with these different things I have put down the shop at which you will probably get them.

I expect there will be a great many other things you would like to add to the list ; but I am afraid you have not very much money, so you must be content with the food included in the list. On the other hand, this list is not the smallest amount of food, nor the cheapest amount of food on which your family could live. It is just an average or ordinary list of things which a family *might* buy.

You must remember that the prices of things are

A WEEK'S FOOD FOR THE FAMILY.

<i>Shop and Goods.</i>	<i>Quantity bought.</i>	<i>Money spent.</i>	<i>Price.</i>
Baker :			
Bread and Flour	30 lb.	4/2	1½d. per lb.
Biscuits	1 „	8d.	8d. „ „
Cake	1	1/-	1/- each
Butcher :			
Beef	3 lb.	3/-	1/- per lb.
Mutton	3 „	3/-	1/- „ „
Suet	1 „	8d.	8d. „ „
Sausages	1 „	1/6	1/6 „ „
Dairy :			
Eggs	12	1/6	1½d. each
Milk	12 pints	2/6	2½d. per pint
Butter	2 lb.	2/-	1/- per lb.
Grocer :			
Cheese	1 lb.	8d.	8d. „ „
Bacon	1 „	1/-	1/- „ „
Margarine	1 „	6d.	6d. „ „
Oatmeal	1 „	2d.	2d. „ „
Rice	1 „	3d.	3d. „ „
Tea	1 „	1/-	1/- „ „
Cocoa	1 tin	8d.	8d. „ tin
Sugar	6 lb.	1/3	2½d. „ lb.
Jam	1 „	1/-	1/- „ „
Greengrocer :			
Potatoes	12 lb.	1/6	1½d. „ „
Cabbages	3	6d.	2d. each
Oranges	6	6d.	1d. „ „
Apples	3 lb.	6d.	2d. per lb.
Pot Herbs	2 „	6d.	3d. „ „
Total spent ..		30/-	

always changing, or *fluctuating* from day to day ; so, what is true of the prices of goods now might not be at all true of prices next month or next year. Perhaps, when you read this chapter, you will find that the prices on page 46 are very different from actual ones in the shops. The total amount of money you will spend, however, as housekeeper on your family's food for the week will be exactly 30s. in this case.

There are five shopkeepers altogether. At the end of the day, when you have bought all your things, your 30s. will belong to these five shopkeepers.

Shopkeepers and Housekeepers.

If possible, it would be a very good thing if you proceeded to act the buying and selling of these goods. I will imagine you can do so in your different classes or with your friends. Let us suppose that there are 15 of you. Put aside five of your boys or girls as shopkeepers. Let each one choose to be the head of one shop. If there are very many of you, he or she may each need an assistant. All the rest of the class will be housekeepers. I shall presume that there are five shopkeepers and ten housekeepers. Each housekeeper must have 30s. of imitation money, made up of notes, silver and coppers. No more and no less than 30s. If you cannot get imitation money in your school, you can make it for yourselves out of paper and pieces of cardboard cut into round shapes.

When the housekeepers have got their money, they should make a shopping book, and in it write down a list of all the things they are to buy, from the list just given on page 46.

Now the shopkeepers must have enough food for all the people coming to buy. Again, no more and no less. He does not want food left on his hands, and he does not want to lose a chance of selling any. As we have supposed there to be ten buyers, each shopkeeper

must have ten times the amount of the quantity of goods bought in my list. If there are 20 buyers he will want 20 times the amount of each food. The shopkeepers can easily make packages to represent these goods, if they use their imagination during a few days.

The baker, then, will have ten packages representing 30 lb. of bread and flour each, ten packages for 1 lb. of biscuits each, and ten cakes. The butcher will have ten packages of meat, each of which will be 3 lb. of beef ; ten packages of mutton, each of which also will be 3 lb. ; ten packages of suet, each for 1 lb. ; and ten packages of sausages, each for 1 lb. In the same way the dairyman, the grocer and the greengrocer can prepare the packages they will need to sell.

Market Day.

On January 1st, then, market day will open. Along come the housekeepers.

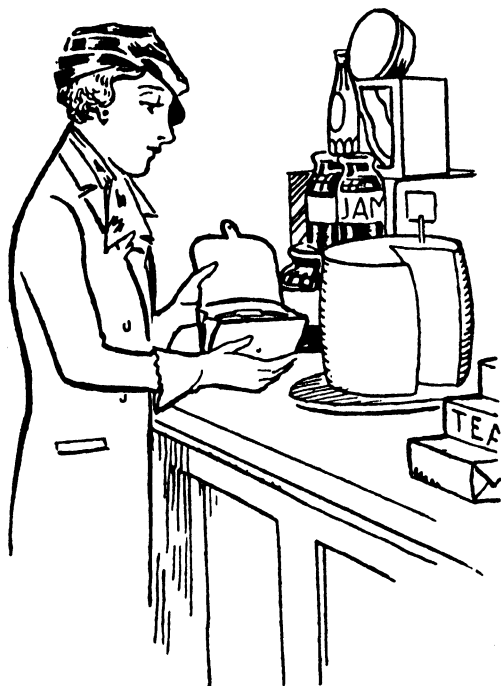
With the money in their purses, the housekeepers will make their purchases. When they have bought anything, they cross it off the shopping-list, which they are carrying round with them. They pay the money over to the shopkeeper, who puts it in a safe place. Some housekeepers will be faster than others. Some will chat more than others with their friends. Some shopkeepers will be smarter in giving their goods over the counter than others. Some will be quieter than others, in order not to waste time, because when there is much noise everything has to be said twice to them. Some may even be more polite than others, both as housekeepers, when asking to buy goods, and also as shopkeepers when selling the goods asked for.

When each housekeeper has got everything on her list, home she goes, and she counts up all she has spent. If she has made no mistakes, it must obviously come to exactly 30s.

The shopkeepers close their shops, when they have sold all their goods, and count their money.

All the housekeepers together will have spent $30s. \times 10 = 300s. = \pounds 15$.

All the shopkeepers together will have taken obviously exactly $\pounds 15$. I shall leave you to find out



IN THE MARKET, FIRST DAY

how much each of the shopkeepers has taken. Some will have taken more than others.

If you are acting this with your class or with your friends, and if there are 20 housekeepers, the total money spent must be $30s. \times 20 = 600s. = \pounds 30$. It does not matter how many housekeepers there are. But whatever their number, the total money spent must

equal the total money taken by the shopkeepers. Also at the *end* of the day, all the goods are in the housekeepers' larders, and all the shops are quite empty. If you do not find that this is so, you will know that somebody has made a mistake.

Next Week.

Now, the week goes by, the food is eaten, the shopkeepers send for more, and on January 8th the housekeepers set off again for market.

Each one sets off with 30s. again in her pocket. Each shopkeeper orders in exactly the same stock of goods as before.

But on the way to market, a strange thing happens. Some old enchantment from ancient days is at work. Whether it is the work of a good fairy or a bad fairy, I am not going to say, and a great many people might hold different opinions on that question. What happens, however, is that when the housekeepers get to market, they find that their 30s. has turned into 60s.

If you are acting this scene, each housekeeper must have two purses now, with 30s. in each, instead of only one.

Each shopkeeper, however, has *only the same amount of goods as before*, neither more nor less.

The housekeepers are at first so delighted to find that they have twice as much money as before, that they quickly dash to the shop counters to buy as many things as they can. They see visions of large parcels, bulging larders and piled-up platefuls of food for the coming week.

Now, if you think a moment, you will see that the last two columns of money spent in our table on page 46 are no longer of any use to us, since the housekeepers have in some miraculous fashion got 60s. to spend instead of 30s., or 1s. for every 6d. ; or 6d. for

every 3d. ; and so on ; and they do not need to worry now if they spend more than the fixed amount in column four, page 46, on each kind of goods which they buy. Instead of our saying how much they must spend, we will let them buy as much of each kind of goods as they like, and also spend as much on it as they like.



IN THE MARKET, SECOND DAY

(What is the difference between this picture and the one on page 49 ?)

“ On what shall I spend my extra 30s. ? ” each one excitedly asks herself. Perhaps it will be on more meat for the mid-day meal ; or on more jam for the children, or on more bacon for breakfast. Whatever it may be, she will make an attempt to buy more of it than she bought before.

Something in their manner will show the shopkeepers that all the buyers have a good sum of money to spend—more, in fact, than a week ago. What do you think the shopkeepers will do? Remember, they only have a fixed amount of goods to sell.

Let us suppose the grocer sells more bacon to Mrs. Brown to-day than he did last week. If he had ten pounds of bacon to start with, he may find Mrs. Brown has taken 2 lb., and Mrs. Jones 3 lb. In fact, he has only 5 lb. left, and he sees eight more customers still coming to buy bacon, each one of whom had 1 lb. each last week.

Perhaps, too, those eight housekeepers will see the small stock of bacon left on the counter. "Good gracious!" they may think, "I must hurry up and get my bacon. At this rate, I shall be left without any. No rashers for breakfast. If that happens, I shall never hear the last of it from my family!"

So each one will begin eagerly trying to induce the shopkeeper to sell some of his bacon to herself, rather than to the others.

Now if the shopkeeper sees eight housekeepers each trying to buy 1 lb. of bacon when he has only 5 lb. altogether; and if eight housekeepers are each trying to buy 1 lb. of bacon when there are obviously only 5 lb. left on the counter: *what will the housekeepers do to try and get what they want?*

You must see for yourselves what conclusion you will come to if you are acting this. *Remember the shopkeeper can't get in more stocks of food till next week. Remember the housekeeper may spend as much as she likes on any special article.*

What the Extra Money Does.

Will not the result be that the shopkeeper will put up the price of each pound of bacon to try to stop people buying too much of his stock (and also to get as much

money for his stock as possible). Also the housekeeper will offer more money than she gave before for a pound of bacon, to try to tempt the shopkeeper to sell it to herself and not to anyone else.

In other words, will not the result of the greater supply of money in the magic purses be *to raise the prices* of goods? And as the day goes by, and the stocks of shopkeepers run out, and housekeepers get more and more frightened of being left without bacon, or eggs, or beef, or jam or something important, will not the prices of these things rise higher and higher?

Of course, the shopkeeper must not ask too much, or the housekeeper will buy something else, and the shopkeeper will then be left with some of his goods unsold, which will be bad business.

Do you think, at the end of the day, that the prices of everything will have risen equally?—or do you think the prices of some things, which seemed to be sold out quickly at first, or which housekeepers think are especially important, will rise to a higher level than those of other things?

I hope, when the housekeepers went shopping, that they took their shopping lists with them. This week, I want them to write down both the actual amount of each kind of goods which they buy, and the total money which they spend on each of these goods, and also the prices of these goods.

For instance, if they buy 2 lb. of bacon at 1s. 6d. a lb., and eggs for 2s. 6d., they would write down:

<i>Bought.</i>	<i>Total money spent.</i>	<i>Price.</i>
12 eggs	2/6	2½d. each
2 lb. bacon	3/-	1/6 per lb.

and so on for everything else that they buy.

Even the most exciting day must end some time; even the busiest market must finally close; and even the fattest purse must at last be empty.

At last the sun sets, all the shopkeepers have finally sold all their goods, or else all the housekeepers have spent all their money. These two things need not both happen. The shopkeepers *may* sell out all their goods before the housekeepers have spent all their money. Or the purses *may* be empty before all the goods are sold. What does it depend on? It depends on how high the prices rise. Think this out for yourselves.

What the Housekeepers Bought.

Homeward, however, go the housekeepers. Some are delighted. They think of how much more food their families will have during the coming week compared with the past one.

Some are puzzled. In spite of the magic purse, they are not sure that they have more goods than last week. They have a *different* "*selection*," but until they get home and can look at it, they are not quite certain whether it is a *better* selection than last week's.

And some are sad. In spite of the magic purse, they have definitely less goods. There will be less for their family to eat now than last week. How could it have happened so? They see that prices were high, they were slow at buying in the market, and others bought up the things before their price went up. They shake their heads in disappointment. Perhaps it was not a good fairy's work, after all, they think to themselves.

How many of you were glad?—How many were uncertain?—and how many were sad?

Over the shops the dusk falls and the lights spring up as the shopkeepers put up their shutters. They count their money. Have they, *all together*, got more or less or the same amount compared with what they got the preceding week? Are they pleased or dissatisfied? I do not think it is difficult to say.

Summary.—In a market some people buy and others sell goods. Goods pass from shops to housekeepers, and money passes from housekeepers to shops. Everything bought and sold has a price. If housekeepers come to buy goods with more money than before, the prices of these goods will rise. It will also change the kind of goods which each person will buy, and the amounts of goods which each person will buy.

Written work.—Write a description of a shopping expedition in which the housekeepers arrived at their market, and found that they only had *half* the usual amount of money as compared with what they ordinarily had. Describe what you would expect to happen not only to the people but to the prices of things in the market.

CHAPTER 7

IS IT MONEY WE REALLY WANT ?

At Home again.

During the week after the occasion of the magic purses, I am afraid a great deal of trouble occurred. When the housekeepers reached home, they naturally had to tell their families what had happened, and those who heard that there would be less for them to eat for the next seven days were, rather naturally, not at all pleased. Moreover, they could not understand why it was that, although there had been twice as much money to spend, they were actually worse off than before.

In fact, they showed their displeasure so strongly, that the housekeepers felt something must be done about it. So, after a day or two, they called together a meeting of all the housekeepers who had gone to the market, to discuss what had occurred.

On a certain afternoon all the housekeepers met together, and each one brought her shopping list with her, as I suggested in the last chapter.

If you have been shopping yourselves, one of you must invite all the other housekeepers to meet you. Then you must appoint leaders, who shall do exactly what these housekeepers did.

Each housekeeper wrote down the kind of goods bought by her ; the prices which she paid ; the total amount for each goods which she bought ; and lastly the total amount which she spent in each shop. You

can draw up a list like the one on page 53. They then added together the total amount of each kind of goods bought by all the housekeepers; and the total amount *spent* on each kind of goods by all the housekeepers.

While the housekeepers are doing this, the shopkeepers should also hold a meeting to discuss their good fortune. Each is duly delighted at taking so much more money than in the previous week. There may be some argument as to which shopkeeper came off best. So, to settle the dispute, each shopkeeper writes down the total amount of money taken by him on January 1st, and the total amount taken on January 8th. Then one of them is chosen to write down the totals for each shop for the two dates.

Prices again.

After a good deal of discussion, the two meetings finally draw up their lists. I cannot say what your list was, as every list would be different. Here is the list, however, for my housekeepers who went to market, and we can take this as an example. In the last column you will see the *average price paid* for the total of any kind of goods. This you will get by dividing the total money spent on bread (say) by the number of lb. of bread. So :—

50s. $\div$ 300 lb. gives 2d. per lb. = the average price of bread.

Actually, some housekeepers may give more than the average, and some housekeepers may give less. Perhaps one may pay $2\frac{1}{2}$ d. or 3d. a lb. for bread, but others will only pay $1\frac{1}{2}$ d. or $1\frac{3}{4}$ d.—so that the *average* works out at 2d. This is the same as saying that the average height of 20 boys and girls is four feet, but some may

be only 3 ft. 6 in., and some may be as much as 4 ft. 6 in.

TEN HOUSEKEEPERS' LISTS OF PURCHASES FOR JANUARY
8TH.

<i>Shop and Goods.</i>	<i>Total Goods bought.</i>	<i>Total Money spent.</i>	<i>Approximate average price paid.</i>
Baker :			
Bread ..	300 lb.	50/-	2d. per lb.
Biscuits ..	10 „	20/-	2/- „ „
Cakes ..	10	30/-	3/- each
		—100/-	
Butcher :			
Beef ..	30 lb.	60/-	2/- per lb.
Mutton ..	30 „	60/-	2/- „ „
Suet ..	10 „	10/-	1/- „ „
Sausages ..	10 „	30/-	3/- „ „
		—160/-	
Dairyman :			
Eggs ..	120	40/-	3½d. each
Milk ..	120 pints	60/-	6d. per pint
Butter ..	20 lb.	40/-	2/- per lb.
		—140/-	
Grocer :			
Cheese ..	10 lb.	9/2	11d. per lb.
Bacon ..	10 „	14/-	1/4½ „ „
Margarine	10 „	7/6	9d. „ „
Oatmeal	10 „	2/4	2½d. „ „
Rice ..	10 „	3/-	3½d. „ „
Tea ..	10 „	20/-	2/- „ „
Cocoa ..	10 tins	10/-	1/- per tin
Sugar ..	60 lb.	30/-	6d. per lb.
Jam ..	10 „	40/-	4/- „ „
		—136/-	

LISTS OF PURCHASES (CONTINUED)

<i>Shop and Goods.</i>	<i>Total Goods bought.</i>	<i>Total Money spent.</i>	<i>Approximate average price paid.</i>
Greengrocer :			
Potatoes ..	150 lb.	20/-	1½d. per lb.
Cabbages	30	10/-	4d. each
Oranges ..	60	12/-	2½d. „
Apples ..	30 lb.	12/-	4¾d. per lb.
Pot Herbs	20 „	10/-	6d. „ „
		— 64/-	
TOTAL SPENT AT ALL SHOPS		600/-	= £30.

You will not, of course, find that your average prices are the same as these. Nor will you find the total amounts spent on any kind of food, nor the total amount spent in any shop are the same as these. That is because everyone's wants are different. Also, as I said in the last chapter, you may find some of your housekeepers are left with some money in their purses, although all the goods were sold. Or perhaps the shopkeepers may have asked too high a price for their goods, so that although you spent all your money, you could not buy all the goods. It does not make any difference to the argument. But I have just chosen the simplest case where all the money *is* spent and where all the goods *are* sold out.

In spite of the magic purse which doubled their money, these housekeepers, then, had nothing left in their purses at the end of the day. You remember there were ten of them, and each had 30s. originally, which was changed by magic into £3 each. All together they had had $10 \times £3 = £30$, all of which had been spent in the shops.

The Things they Bought.

Accordingly, they turned their attention to the first three columns of their list. What had they got for their magic money? *Money buys things.* They had spent all their money. What had they got? Here was the list of the things they had taken home. Some had been able to buy more than others had, but setting all the things together, which belonged to lucky and unlucky buyers, the totals were shown in columns 2 and 3.

Now these totals happened to be exactly the same totals as those for the goods bought on January 1st. That was the day, you remember, when each housekeeper only took 30s. to market, and when no magic occurred to change their money and calculations. You can prove this by asking the shopkeepers how many things they sold on that date, and comparing this list with theirs.

Below you will see their list for January 1st, as it would have compared with the list I have just given you, on page 58, for January 8th.

TEN HOUSEKEEPERS' LISTS OF PURCHASES FOR JANUARY 1ST.

<i>Shop and Goods.</i>	<i>Total Goods bought.</i>	<i>Total Money spent.</i>	<i>Approximate Price paid.</i>
Baker :			
Bread ..	300 lb.	41/8	1½d. per lb.
Biscuits ..	10 "	6/8	8d. " "
Cakes ..	10	10/-	1/- each
		—58/4	
Butcher :			
Beef ..	30 lb.	30/-	1/- per lb.
Mutton ..	30 "	30/-	1/- " "
Suet ..	10 "	6/8	8d. " "
Sausages ..	10 "	15/-	1/6 " "
		—81/8	

LISTS OF PURCHASES (CONTINUED)

<i>Shop and Goods.</i>	<i>Total Goods bought.</i>	<i>Total Money spent.</i>	<i>Approximate Price paid.</i>
Dairyman :			
Eggs ..	120	15/-	1½d. each
Milk ..	120 pints	25/-	2½d. per pint
Butter ..	20 lb.	20/-	1/- per lb.
		—	60/-
Grocer :			
Cheese ..	10 lb.	6/8	8d. „ „
Bacon ..	10 „	10/-	1/- „ „
Margarine	10 „	5/-	6d. „ „
Oatmeal ..	10 „	1/8	2d. „ „
Rice ..	10 „	2/6	3d. „ „
Tea ..	10 „	10/-	1/- „ „
Cocoa ..	10 tins	6/8	8d. per tin
Sugar ..	60 lb.	12/6	2½d. per lb.
Jam ..	10 „	10/-	1/- „ „
		—	65/-
Greengrocer :			
Potatoes ..	150 lb.	15/-	1½d. „ „
Cabbages	30	5/-	2d. each
Oranges ..	60	5/-	1d. „ „
Apples ..	30 lb.	5/-	2d. per lb.
Pot Herbs	20 „	5/-	3d. „ „
		—	35/-
TOTAL MONEY SPENT		300/-	= £15.

It took a little time to realise that *no more goods, as a whole, had been bought*, because each of the housekeepers had bought a *different* amount of goods from each of the others on January 8th, whereas they had all bought the *same* amount as one another on January 1st.

Better or Worse ?

" I feel very pleased with things," Mrs. Brown finally said. " My larder is full of food. In fact, I think I have nearly twice as much of everything this week compared with last week. I know I have quite twice as many eggs and certainly twice as much meat."

" Well, I am not quite sure, myself, how I stand," said Mrs. Smith. " I've got more bacon and more bread and more vegetables, but I haven't got so much milk, which is a great nuisance, as the children need it in this cold weather. Also I haven't so much beef. When I came to the butcher's, I found he was asking just on 2s. 6d. a lb. for it. An iniquitous price ! So, of course, I couldn't afford to buy very much at that price. When next Sunday's joint comes on the table, everybody must have a smaller helping. However, they can have an extra rasher of bacon with their breakfasts. Perhaps that will make up for it. I can't really say how I've done this week. I suppose things just balance up against one another, and we're about the same as usual."

" Well, you may be, but I'm certainly *not* the same as usual," replied Mrs. Jones. " I'm definitely worse off—less tea, less milk, less meat and less vegetables. When I got to market, I went to see my married sister to tell her about our great luck with these magic purses. We stayed chatting all the morning together, and in the afternoon, when I got to the shops, what did I find ?—The price of everything was so high that my magic money could hardly buy anything. What was the use of buying a great lot of oatmeal and rice, when I couldn't get a proper joint of meat and a proper cut of bacon ? Rice pudding and porridge for the week is not very popular with my family, I can tell you ! "

So the discussion went on.

Finally, one of the housekeepers, who had hitherto spoken very little, stood up.

Or . . . Just the Same?

"The fact of the matter, as I see it, is this," she said. "Some of us are better off, and some are worse off, and some are about the same. But *taken all together, we are just exactly the same as we were last week*, because,



THE LATECOMER

if we put all our food together on the table, we haven't bought any more or any less from the shops, than we usually do. I can't see that this magic money has done us any good. It's only upset things, so that we don't know where we are."

"That's very true," said Mrs. Brown, who had spoken first, "and on second thoughts I'm not so sure I'm even so very pleased myself. You see, my folk at home are very pleased with things just now, but what will they say, if the magic money does not come along next Saturday, and I only bring home the same amount that I did in ordinary times. I shall hear some grumbling, then, I'm afraid. They'll think because I've done it once, I can always do it! Besides, even if the magic does happen, I may be late in the market

that day, or you may be quicker than I, and then I shall be as badly off as Mrs. Jones is this week."

"What shall we do about it, then?"

Was it worth it?

"Well," said the quiet housekeeper, "my plan is that we don't use this magic money. Suppose that it did happen again. If we all agree not to touch it, we shall go back to the old ways, which did please everyone fairly and equally on the whole, although there wasn't such a very great deal for everyone."

"Well, we certainly did know pretty well what we were going to get, and we could make plans for the week."

"This week is all topsy-turvy. I couldn't get any cheese, so I have to give my family porridge for supper instead, and that means more cooking in the evening, when I've got a lot of other things to do. I agree. Let's decide not to use this money."

"And so that we shall all do the same thing, and none be better off than the rest, if we get the magic money, we'll make a big heap of it, and throw it in the river!"

"That does seem rather funny, though," said Mrs. Robinson. "It can't be very economical to throw away good money like that. It sounds very wasteful to me."

"I think that depends on what we really want," replied the quiet one. "It isn't money at all that matters in the end, is it? We can't do anything with the money, unless we spend it or save it. If we save it up for a rainy day, the same thing will happen in the end, when a rainy day comes and we *do* spend it, as has happened to us this week. If we spend the money now, then all these troubles crop up, and taken all together, we aren't better off in the goods we buy—as we agreed just now. I think the proper economy is to

try to get what we really want, with as little waste as possible ; and as we want the old certain ways of living, and as the magic money doesn't bring more goods for us all, in any case, I say we must not use this strange and magic money."

So, after a good deal more argument, the meeting finally decided that that was the best thing to do. Things had not turned out so well as they had hoped. It was certainly very disappointing, after thinking they were so much better off, but they felt that it was better than having all the trouble which the magic purses had brought with them. Do you think they were right ?

Summary.—Although everybody's money together may increase, it will not buy more goods as a whole, if the amount of goods does not increase, too. The prices of goods rise. Some people will be able to buy more goods, perhaps, but others will then get less than before. This makes people's lives uncertain and difficult, because it is goods, not money, which really satisfy wants in the end. Goods, not money, are what finally give people real wealth. To refuse increased quantities of money may be good "economy," if people all together are considered, because their wants are more easily satisfied if the increase is refused by all.

Written work.—There is an old story of a King called Midas, who turned everything that he touched into gold. Write an imaginary account of a day in your life when everything that you touched turned into paper £1 notes. Can you draw any conclusion from your story about what being "well-off" means ?

CHAPTER 8

WHERE DO GOODS COME FROM ?

Back in the Shops.

In the last chapter, we left the shopkeepers making a list of the amounts of money which each had taken over his counter, on January 8th, as compared with January 1st. When they had finished making their lists, their result was something like this :—

<i>Shop.</i>	<i>Total money taken on Jan. 1st.</i>	<i>Total money taken on Jan. 8th.</i>	<i>Increase.</i>
Baker ..	58/4	100/-	Nearly twice.
Butcher ..	81/8	160/-	" "
Dairyman	60/-	140/-	Nearly $2\frac{1}{2}$ times
Grocer ..	65/-	136/-	About twice
Greengrocer	35/-	64/-	" "
Total money taken ..	<u>£15</u>	<u>£30</u>	Just twice

If you look at the figures, you will see that they have all done very well for themselves. Four of them have practically doubled their money receipts on the week.

One of them, the Dairyman, has taken nearly $2\frac{1}{2}$ times as much money compared with the earlier week. Naturally he was the most pleased of all.

"This is pretty good," said he. "Nearly $2\frac{1}{2}$ times as much money for just the same goods. I must think what I had better do next."

When he got home, however, he was not quite so pleased with everything, because he found that his

wife had been to market with the other housekeepers, and that she had been one of the slow shoppers, who had found the price of everything so high that she had not been able to buy her Sunday joint. The Dairyman was rather annoyed at this. However, he soon cheered up.

"I tell you what I'll do," said he to his man. "I'll buy another cow. With the price of milk as high as it is—just on 6d. a pint (see page 58)—I shall soon make my fortune, and then my wife can buy all she wants, whatever the prices are!"

How the Extra Money upset things . . .

So, on Monday, off he went, and bought a fine cow, for which he paid a lot of money.

However, in the middle of the week, you remember, the housekeepers met and decided that it would be much better for them all not to use the magic money. When they came to market on Saturday, January 15th, each one only brought the 30s., which they had had on January 1st. The result was that they could only spend the old sum of 2s. 6d. each on milk (see page 61). So, although the Dairyman had more milk to sell, the housekeepers could not buy it. The result was that he had to lower his price very much to about 1d. a pint to sell part of it, and even then he had some left on his hands.

"It doesn't seem to me the new cow is much use to me," he thought that evening. So next Monday, he sold it back to the man from whom he had bought it. He did not get quite as much as he had given for it, as the farmer who sold it to him said that he ought to know his own mind, and that it was a lot of bother for nothing.

Luckily, not very much harm was done, as in this case there was only one cow. If there had been 100 or 1,000 or 10,000 dairymen, all of the same opinion as our dairyman, and all of them suddenly buying cows,

you may see that their losses on selling them again might have been very great.

. . . and still more things.

Not only would their losses have been very great, but also the losses and trouble and general uncertainty of the farmers from whom they bought their cows. Faced with the sudden demand for cows, the farmers might have decided that it was worth while trying to rear more of them. Many of them, therefore, might have ordered materials with which to build barns, straw and hay for bedding and fodder, or bought roots and cake for winter food. They might even have rented an extra piece of pasture.

When the time came when the dairymen saw that they could not sell their milk at a price which made it worth their while, they would stop buying cows, and they would want to sell them, just as our man did. Then the farmers would stop buying roots and cake and straw and sheds. This would mean that all the hay merchants and cake merchants and root-growing farmers would find that *their* plans were all unnecessary, and that nobody wanted the extra cake or roots or fodder which they had been getting together.

In this way, a great deal of wasted time and wasted effort might have occurred. All of it in the first place was caused by the magic money which had suddenly and mysteriously come into being ; money, you remember, which was of no use to people, except to buy goods, and which, when spent on goods, upset not only the calculations people had all made for buying, but also the calculations others had all made for selling, *and for producing the goods* which they intended to sell.

What would have happened if the housekeepers *had* spent the magic money ? Would the dairymen and the farmers have been upset then ? Perhaps somebody might have asked this question.

There are two possible answers to this.

In the first place, we can imagine that, although all the prices of everything rise, as we saw they did, the shopkeepers do *not* order in more goods. Then the result would be that, although each housekeeper had more money on January 15th, she could only buy the same amount of goods with it as she bought on January 1st ; then, although she might get more goods, others would get less ; so that all together they would be neither better off nor worse off, as we have already seen on January 8th.

How can the Shops get more Goods ?

In the second place we can imagine that, as the prices of everything rise, the shopkeepers *do* order in more of everything. Would not everyone be better off in that case ? Everyone would have more money, but there would also be more goods to buy with that money.

To understand what would eventually happen in this case requires rather a long answer, and most of it must be left to the next chapter and also to Part B—Economy in Production.

For the moment, however, you must ask yourself “ Where do goods come from ? ”

It is quite true that the shopkeeper may order more goods to come to his little market or village or town. To whom does he send ? If he is a greengrocer, he will probably send to a *large wholesale merchant*. If he lives near London, these merchants mostly sell their vegetables to the shopkeepers from a place called Covent Garden. If you walk round there at any time, you will see large boxes of oranges and apples, bananas, cabbages and carrots.

Now obviously this wholesale merchant does not grow all these things in London ! From whom and from where does he get them in his turn ? For the most

part, the wholesale merchant buys his fruits and vegetables from farmers at home, or from big shipping companies or from other merchants, who import (buy) the goods from farmers in foreign lands. Sometimes these farmers are called planters, but they are just like farmers, in that they are the men who see to the actual growing of the foodstuffs.

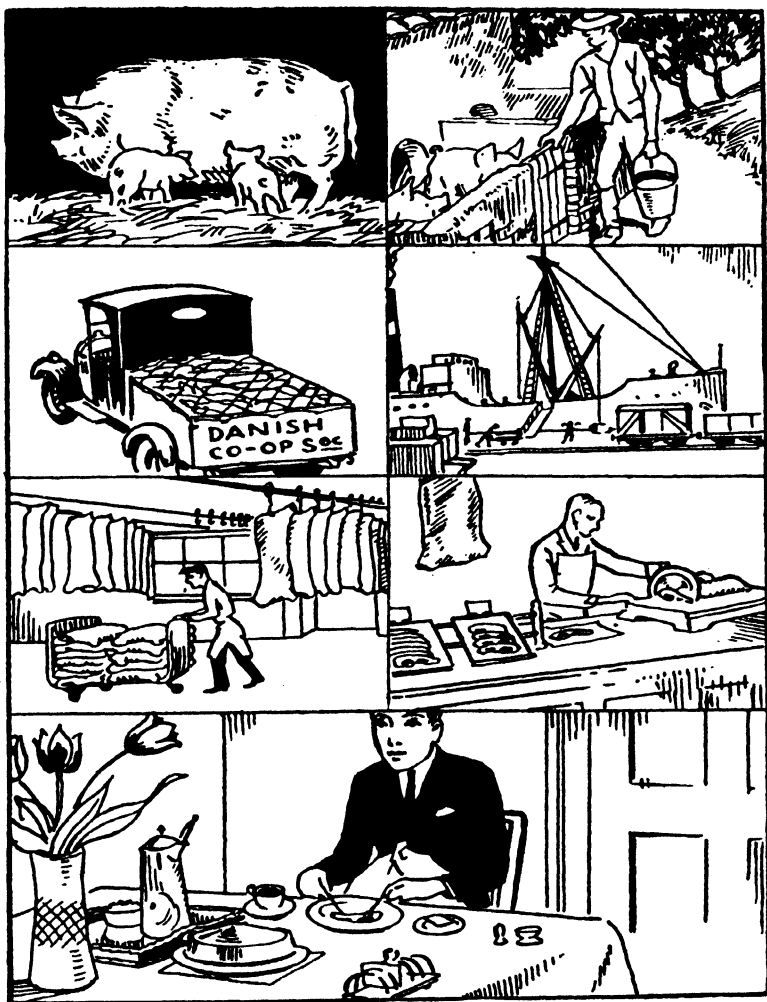
So, in the long run there is a *chain of production* which runs from field and farmer to our housekeepers' larders. In many cases it is something like this :—



The commodity may be pigs turning into bacon on our plates ; or raw cotton turning into shirts on our backs ; or coal turning into heat in our grates.

These first goods from which are made all the goods we buy in shops are called *Raw Materials*, or *Primary Products* ; and they exist at the very beginning of each separate Chain of Production.

Now to come back to our magic money. If all people in all markets had more money together, the prices of shopkeepers' goods would rise ; the shopkeepers order



FROM PIG TO BACON

more goods from the wholesale merchants ; their prices rise ; the wholesale merchants order more from the importers ; their prices rise ; the importers order more from the first producers, and *their* prices rise.

What, then, has been the effect of the magic money ? Is it not very much the same for the sellers of goods as it was for the housekeepers who bought the goods ?

All our shopkeepers and all other shopkeepers in every other market in the land are trying to buy goods from all the different people in the Chain of Production. The high prices are passed on to the very end of the chain. *So that no special market, unless it were very clever, might get any more goods with its money, because prices have all risen.* Also no special merchant gets more money for his goods, because the merchant from whom he first bought those goods has also raised *his* prices.

Somebody makes them.

And what do we find at the end of the chain ? We usually find some raw material or primary produce which exists in the land. These extra goods which we want to buy, in order that we shall be " better off," often come from other goods which have to be made or produced by farmers or miners or cotton growers, or by some class of individual working on or in the land. They may, however, be made by people in factories, or in offices, or in hospitals, or in their own homes, though the things which they use come mostly from the land. How are these people, in their turn, going to produce more of these extra goods ? I must leave the answer to this question to the next chapter.

Summary.—Increases in money, leading to increases of prices, lead to increases in orders of shopkeepers. If the increase in money is withdrawn, then the new goods produced cannot be bought, and the shopkeepers

and producers have wasted time and money and labour. If the increase in money continues, sellers of goods will order more foods from other sellers, and these orders are passed right back along a long chain of production, until they reach some first producers. Each seller of goods, along the chain, however, raises the price of the goods which he sells, because there is more money being offered for his goods. We cannot yet see in what way more goods, as a whole, will be forthcoming.

Written work.—Either :—1. Make a Chain of Production in a similar manner to the table on page 70 for any three of the following commodities :—Butter—shoes—chairs—books—chocolate.

Or :—2. Make a pictorial Chain of Production for any *one* of the same goods, in a similar manner to the picture on page 71.

Or :—3. Consider carefully whether you would be better off if, supposing everyone in the world used gold for money :—

- (a) You discovered a gold-mine in your back garden.
- (b) Everyone in England discovered gold-mines in their back gardens.
- (c) Everyone in the world discovered gold-mines in their back gardens.

CHAPTER 9

WHERE TO LOOK FOR THE REAL ALADDIN'S LAMP

Summing it up.

Let us just consider for a moment where we have got to and what conclusions we have reached.

In our discussion of the market, and the effects of having suddenly twice as much money to spend as usual, we can put these conclusions into two groups :—

GROUP A.—MONEY AND GOODS.

1. That because we have many different wants, we should think out carefully at all times what we really want most, and that we should then try to get it with as little expenditure as possible : that is, we should economise in the means we have of satisfying our different wants.

2. That a sudden increase of money upsets the plans of people trying to buy goods with which to satisfy their wants.

3. That the sudden increase of money was no help to all the people considered *together* in the market, because there were no more goods to buy. Therefore prices rose.

4. That it is goods, therefore, which are required with the money, either at once by spending the money now, or later if the money be saved now.

5. That it is goods not money which will, in the long run, make all people “ better ” or “ worse off.”

GROUP B.—MONEY AND PRODUCTION.

6. That a sudden increase of money *in our market only* would increase the profits of the shopkeepers (these are called *retailers*), who would then try to order more goods.

7. That if the sudden increase of money for any reason stops, all the plans of the shopkeepers and of the people from whom they buy goods are upset, and a great deal of loss and confusion occurs along the Chain of Production.

8. That if the increased money continues to be spent in the market each week, the shopkeepers order more goods, and people in *our* market will be better off.

9. But although people in our special market would be better off, because there would be then more goods in our special market, nobody need be better off if *all* markets together had more money, since the prices of all goods along the Chain of Production would go up. Accordingly the greater amount of money for all and each market would only buy the same old amount of goods as before.

10. That to get more goods for everyone, so that everyone will be better off, means that they must be produced or made by someone. How this last difficulty is to be overcome is the problem we must now consider. All we can see at present is that the extra money alone is "no use," if we think of *everyone together*.

More Goods . . .

To tackle the question of how goods can be increased, we must first notice two special points.

. . . and Services.

The first is that we can spend our money not only on goods, which we can touch, but also on those which we cannot touch. I will suggest one of this group—

omnibus rides. You cannot touch a 2d. bus ride. Of course you can touch the bus, but you do not buy the bus for 2d. You only buy a ride for a mile or two in it. This sort of thing, which you buy, is called a *service*. Think of as many services as you can. Give yourself three minutes in which to make a list of them, and then compare your list with those of your friends.

You can produce or make services just as you can the pigs or raw cotton, or coal, or other raw materials which, we saw, lie at the beginning of most of the things which we buy. If more men train to become bus conductors and bus drivers, we are helping to produce more bus services.

The Flow of Production.

The second point is that the production of these goods and services is always going on all the time. It never stops. Production is a *continuous* process.

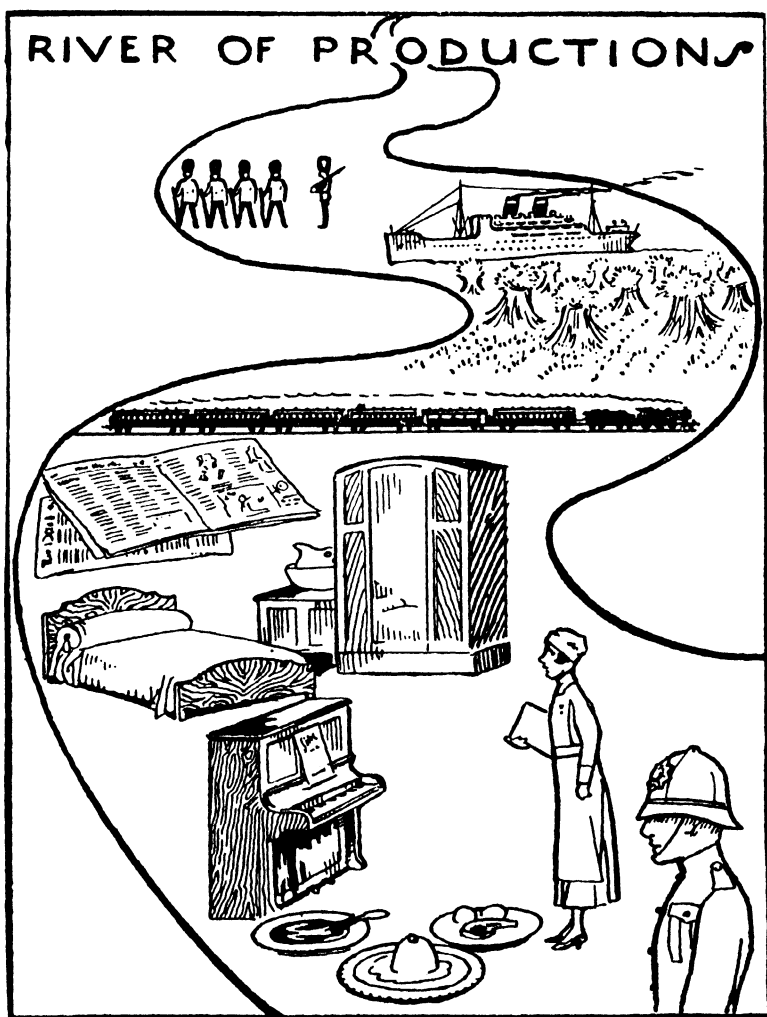
Every day some men are building ships. Some men are digging in the fields. Some women are cooking food. Some women are spinning cotton. Every night some men are driving railway trains. Some men are printing newspapers. Some women are singing at concerts. Some women are nursing the sick.

This production of goods and services goes on day by day, week by week and year by year. It is like a great river. Instead of water flowing by us, we see ships, wheat, cooked meals, yarn, railway trains, newspapers, songs, trained care and attention.

Your money is like a bucket. It gives you the power to draw out some of the things you require from that great river of production. Your money does *not* give you the river in the first place. That is why I have tried to impress on you the difference between your few housekeepers having more money in one market only ; and everyone having more money in all markets.

If only you or a few of you have more money (bigger

RIVER OF PRODUCTIONS



THE CONTINUOUS FLOW OF GOODS AND SERVICES

buckets), you can draw up more goods and services out of the river of production, and there is then just a little less left for all other people. But if everybody has more money (bigger buckets) you cannot all of you together get any more goods and services than there were in the river to start with. This is obvious, because rivers will flow at the same rate whatever the size of the buckets which may be used to draw water from them.

Swelling the River.

To be "better off" in the sense of having more goods and services meant, we saw just now, that more of these goods and services must be "produced" by someone. In other words, we must think of the river of production becoming wider or deeper or flowing more fast.

To say that we have more goods and services means not so much that we have ten eggs instead of five eggs, but that we have ten eggs *a week* instead of five eggs *a week*; or two coats a year instead of one coat a year. It can mean, however, that we have one heavier coat, instead of one lighter coat each year; or one beautiful dress, instead of one ugly dress each year; or motor-bicycle rides instead of push-bicycle rides each month; or four weeks' holidays instead of two weeks' holidays each year. At the same time, of course, everything else we were accustomed to having remains as good as before. That is what we mean when we say "*other things equal*." Obviously, we may not be any better off by having two eggs instead of one egg for breakfast, if we have to go without our bacon. In that case "other things" would not be equal, and we might be really worse off, if we preferred bacon to eggs.

Now, when we say that the river of production needs to become wider or deeper or to flow more fast, we mean that the quantity or quality of goods and services

produced must be increased, or improved, or that a different kind of goods must be made, which will please us better than the old kind.

We usually think that production is greater to-day than it was 100 years ago, because we have things and services now which never existed at all in those days. Wireless is one, and good drainage is another. How many more can you suggest? On the other hand, there are some things which our great grandfathers had, which now we do not have. One was riding in coaches, which, although slower and much more uncomfortable than riding in trains, was more interesting and more exciting. In this way it is not at all easy to say *how much* production has increased or improved in the past 100 years.

How is it done?

If we want to make the river of production larger, i.e., to increase the flow of goods and services, how can it be done? If we can find out the answer to this, we shall discover something very much more important than finding how to double the amount of money, that is, the number of paper £1 notes which ordinarily exists in the country.

Any bank or government can do this just by printing more of them. You should by now realise that this need have no effect at all on giving people more goods and services, and that it is likely to have the reverse effect by upsetting consumers' wants and producers' orders.

Ordinary rivers are increased in size or rapidity by rains which fall from the heavens above. Our river of production only depends upon the rains of heaven in a small degree. For if the seasons are kindly, if the sun shines brightly when it is most needed; if the snows melt at the right moment; or if the winds blow strongly in winter or warmly in spring, seed sown

will spring up more strongly and the harvest in summer *will* be greater than otherwise. But apart from this kind of consideration, the river of production depends upon the *efforts, the bodies and the minds and good sense* of those people who help to feed it. Those people are all those who produce in some fashion the goods and services of which the river is formed.

How shall these people best assist in increasing the output of goods and services ?

If we can discover this, we shall have found the real Aladdin's Lamp.

Unfortunately, or perhaps more truly, fortunately, we cannot pick up an Aladdin's Lamp anywhere without looking for it. Moreover, it is quite a long search that is needed. It will take us the whole of our next section : Economy in Production.

Summary.—If we need to be “ better off ” in goods, *i.e.*, to have more or better goods, these more or better goods must be produced. Production is a continuous process. Money does not produce things. It only helps you to get what you or somebody else has produced. To understand how production can be increased, we must consider the next section : Economy in Production.

Written work.—Either :—1. Make a River of Production suitable for :—

(a) Life in Ancient Britain.

(b) Life in the time of Queen Elizabeth.

Or :—2. What inventions in the last 50 years have greatly altered the goods or services to be found in the River of Production ?

PART II

ECONOMY IN PRODUCTION



SHIPWRECKED ON THE ISLAND

ROBINSON CRUSOE ON HIS ISLAND

CHAPTER IO

A DAY ON A DESERT ISLAND

Shipwrecked.

Have you ever thought what you would do, if you were wrecked on a desert island? I expect nearly everybody would say "Yes." I think, however, it would be nearer the truth if everybody said "No."

That sounds rather surprising. Most of you will say at once: "But we've read *Robinson Crusoe*, or the *Swiss Family Robinson*;" or else you will say: "What about those stories of bold, bad pirates with their treasure hidden on an unknown island in the Pacific? Haven't we all read those? Don't we know exactly what we should do in their place?"

That is all very well. But that is reading about what *other people* did on these islands. It is not thinking out *for yourself* what *you* would do. Besides, in the case of the Swiss Family Robinson, the story never played quite fair, because, if ever they wanted some extra tool or implement, they were always able to return to the ship, which was conveniently nearby, and which had nearly everything they wanted on it. In the case of the pirates, when you come to think of it, they seldom actually lived on the island. They generally jumped out of their boat, dashed up to the third palm tree N.N.E. of the long lagoon, stuck their spades into the ground, and were routed by the hero, just in the nick of time, who then proceeded to march the survivors straightway on to his own boat, where they were put in chains. So they did not have much chance to make any great plans for *living* on the island.

So what *would* you do ?

If you began to think more carefully about it, you would, perhaps, ask me a few questions first. For instance, has the ship gone down or is it moored on the beach ? How much is the island really desert ? Is there water ? Are there stones and rocks ? Are there trees ? Is there any fruit ? Is it hot or cold ? Well, I am afraid I cannot answer them all properly. I will say, however, that the ship *has* sunk. You really *are* shipwrecked. The island is not a real desert. It is rather a pleasant island, at least ten miles long and five wide—just how pleasant, you can decide for yourselves. You have on you the clothes you stand up in, and perhaps a good big jack-knife, but that's about all. *Also you are the only survivor.*

Now what would you do ?

It is Monday morning at eight o'clock. The sun has been up two hours. It is warm, with a gentle breeze blowing. You wake up under a shady tree from a deep sleep into which you fell on being washed ashore last night.

Think it out.

It would be a good thing for you to take at least a quarter of an hour to think what you would do during the first week or month. Or, you can discuss the matter with your class, and one of you can make a list of all the things which the majority of you decide to be the best. Or, you can all write a description of your first week as a shipwrecked sailor. In any case, think it out for yourself before you proceed to read any farther.

What you will now read is an account of how one girl of 12 years old decided *she* would spend her days. I will confess I had already had some talks in class with her on the problem. You will see this from her last

remark ; but all the details are entirely her own invention.

“ HOW I WOULD SPEND A DAY ON A DESERT ISLAND.”

“ I have just been wrecked on a desert island out in the Pacific, unluckily miles from anywhere. My ship, the ‘ Seagull,’ had been in a very bad squall, and had been driven on to some hidden rocks near to the island, and I had been the only survivor of the wreck. I had a few provisions, enough to last about two days.

“ This island is only about five miles square, being a desolate waste of sand dunes with a few palm trees which bear coconuts and a few banana trees. As soon as I reached the beach, I went in search of water.

“ After I had discovered a small spring of water, I explored, and on the way I gathered some bananas and coconuts, and went back to my provisions. On the way back I discovered a very sheltered hollow in the dunes which was sheltered from the winds. I then moved my provisions into this hollow.

“ My next move was to build a hut ; so, with the aid of my knife, I made a chopper out of wood and managed to collect some wood with which I made a hut, which would at least last for about a month or two. Then I kindled a fire. I made the flame by two flint stones, which I had found on my exploration. With the wood I obtained, I made a raft, and a fishing line with some wood and string I had in my pocket. My supply of food would last a long time, for I could get plenty of fish.

“ Every day I kept a constant look-out for passing ships, and I hoisted my shirt to the top of one of the palm trees. Many weary days followed. The only amusement I could find was drawing pictures or writing in my diary on the sand.

“ After about two months, when my stores were getting

low, and winter was approaching, one day at sunset, I sighted a big sailing yacht. As quick as lightning, I scaled one of the palm trees, and signalled with all my might. I was seen, and I was rescued.

"And many days afterwards I printed a book on the best way to economise in time on a desert island."

I think most of you will agree that our shipwrecked sailor was a very sensible fellow. He kept his head. He made the best of a bad job. He thought out what he wanted, and he didn't waste time.

Time on the Island.

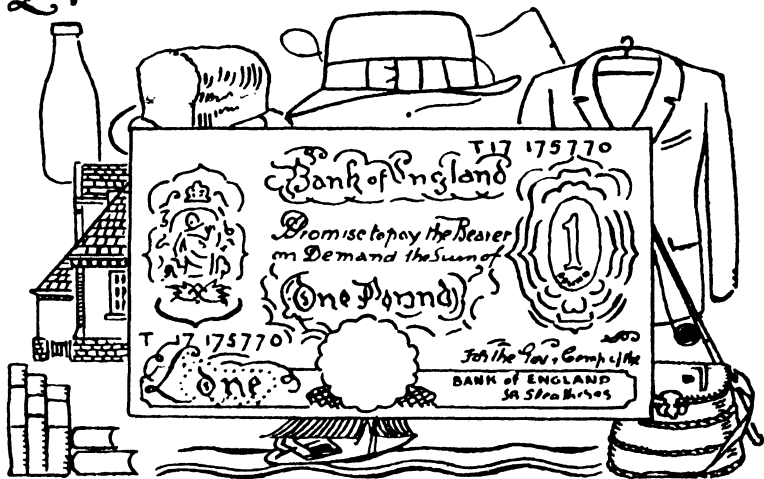
He didn't waste time.

There is nothing very extraordinary in that sentence, is there? Wasting time. I think most of us have heard this phrase a good many times. Sometimes we say it to ourselves, and sometimes other people are kind enough to say it to us. *I suppose it means that we are using our time to do some things which are not so important as other things which we might be doing.*

As our sailor was on a desert island, he could not waste money. He had not got any to waste, and even if he had, it would not have been any use to him, would it? But if you think a moment, when we talk of wasting money, we mean that we are using our money to buy some things which are not so important, or so desirable, to us, as other things which we might buy instead.

Is not wasting time exactly the same idea as wasting money? Some people say *Time is Money*. But that is using words in a very limited and shallow manner. *Time is a great deal more than money*. When people say *Time is Money*, they mean that if you use as much of your time as possible to make money, you are likely eventually to become a rich man or woman. That is probably true, if you use enough of your time.

£ is ONLY 20 SHILLINGS WITH WHICH TO BUY



MONEY

A DAY is ONLY 24 HOURS IN WHICH TO



... AND TIME

Time can be used for vastly more, and sometimes vastly more important things, than making money; important though making money may be.

There is a sense, however, in which it would be true to say that *Time is like Money*. Do you remember how in Chapter I, a benevolent genie was summoned to give you anything you wanted? You made a list of all the things for which you would ask. That was very nearly the same as having *unlimited money*, a bottomless purse. (Not quite the same, because money can't buy health or wisdom or a good temper.) Another genie might be called up who might give you the power to do anything you wanted. What would you do? Sail round the world? Build a palace? Practise to become a cricketer to play in the Test Matches? Study your favourite subject in all the Universities of Europe? Become a great actor? Write a poem? Irrigate the Sahara? Swim the Channel? Explore Central Asia? You could choose each in turn, one after another. The genie would give you your chance.

After deciding in Chapter I on all the things you would have, you were "rationed" to only a few things. You had to choose between the things you wanted most and the things you wanted less urgently. That was the same as having a *limited* amount of money to spend. Your money was not everlasting, but to some degree it was *scarce*. That is the condition with regard to money in which people actually live in this world.

Scarce Time.

Now that is exactly the same condition with regard to Time, in which people actually live in this world. To some degree *Time is scarce*. Nobody can do all the things he or she may wish to do, because there is not enough time. Our genie could only give us the chance to do all we wanted in a fairy story in which "we lived happily ever afterwards." As we cannot live happily

forever afterwards, our Time is, as it were, rationed for us. So we have to choose between doing those things which we want to do *most* urgently and doing those things which we want to do *less* urgently. We cannot do all the things we may want, just as we cannot buy all the things we may want.

In this sense, then, Time is like Money. They are both to some degree scarce. That is why it is possible to talk of wasting time. If we had unlimited time, we could not waste it.

Time and Wants.

Our shipwrecked sailor had had a good deal of experience in this problem on the desert island. He discovered that he had a great many wants. As there was no one to help him, he had to satisfy those wants himself by his own energy and activities, by the skill of his hands and by the sweat of his brow. He soon found that if he gave up too much of any of his days to any special job like making a raft, the sun went down on his labours, and he discovered that he had no food for supper. He had used up all his scarce day on one job, and then he found that his stomach was so empty, that he would have been wiser to have spent less of his time on the raft, which could well have waited a day or two longer, and more of his time on getting food for supper, which could hardly wait at all. By breakfast next day, his need for food was so great, that he quite decided that he must ask himself carefully what were his most pressing wants, before deciding how to spend his scarce time each day.

That is why the shipwrecked sailor in the story which you have just read wrote a book, when he got home, on how to economise time.

Summary.—Time is very similar, on a desert island, to money in our present surroundings. Time is scarce

just as money is scarce. Proper economy should not waste time in doing things which do not give you what you most want, as much as doing other things which do give you what you most want. On a desert island, you can only have the greater part of your wants satisfied by doing jobs that will satisfy those wants. You can't buy things. We can call this producing things for ourselves. So we can think of economy in production. This requires thoughtful planning ahead.

Written work.—Make a list of as many as possible of the different ways in which you spend the time of a 24-hour day, from midnight one day to midnight the next day. Then arrange the different ways in which you spend the time, in order of importance, *i.e.*, put those ways of spending the time at the top which seem to you to be most important, and which you could least well do without.

CHAPTER II

THINKING IT OUT

IN the last chapter, we saw that our shipwrecked mariner decided that the best thing to do, first thing in the morning every day, was to think out carefully how to spend his time. (Has it struck you that that is another phrase in which time and money are compared in a like manner? You "spend time" and you "spend money".)

In fact, every morning you can think of our sailor as Robinson Crusoe standing under a palm tree with a ring of question marks round his head.

What do we want?

Each of these different question marks would represent something different on which he might spend his time. In the last chapter, we saw that there were a great many things which he would obviously want to do. As there were so few things provided by Nature on our desert island, he would have to make nearly everything he wanted for himself. As most of you will already have realised, he must build his own canoe, pick his own bananas and coconuts, catch his fish, make his tools, light a fire, build his hut, look for water, as well as a great many other things.

As Crusoe has no store or ship from which he can take the things which he requires, we see then that everything must be provided by his own *work* or *labour*.

Even the coconuts cost him some labour, because, until he has picked them off the trees, they are no use to him for eating.

Having things and Doing things.

We can see then that there is some connection between making a list of the things we want to *have*, and making a list of the things we want to *do*. Because, if we want coconuts, we shall want to climb up the trees to pick them. If we want a hut to sleep in, we shall want to spend some of our time building one. I do not say that we shall necessarily give any of our time to do those things. We shall only do those things like picking coconuts or building huts if we want the coconuts or the hut *enough*.

Some of Robinson Crusoe's day then will be spent in providing the things he wants to have by working in some way to get them.

Spending our Day.

Out of 24 hours, however, he will not spend the whole time in work. Too little work is a mistake, but too much work is just as bad. If you have been really honest in thinking out what you would like to do as a shipwrecked mariner (see page 84) you may have included in your list one or more of these pastimes :—

Swimming in the lagoon (or in the sea).

Sun bathing.

Sleep.

Running about for exercise to keep fit.

Exploring the island.

Sitting about.

Some of you may think these are good ways, and some of you may think these are bad ways of spending your

time. But, whichever they are, they certainly are different kinds of ways of spending your time.

I do not think you can really call any of these ways work or labour, unless perhaps exploring is such. It is rather difficult to say exactly whether or not exploring is labour. It rather depends on your motive, or your intention in exploring. If you are doing so just to amuse yourself, as you might spend a pleasant day in the country walking in the woods to see what they are like, you would not say exploring was work. But if you were trying to find some stones on your sandy island with which to make a flint axe, I should say it was very much like work. Or if you went searching round partly to see if there were any flints, and partly because you were tired of sitting about and doing nothing, then exploring would be both work and amusement at the same time.

Work and Play the same and . . .

Most things that we do are a mixture both of work and of amusement. There is really no hard-and-fast line between the two activities. There is very little "work" which is not enjoyable to some person, although we all have enormously different tastes. I may like planting cabbages and you may hate it, and you may like selling cheeses and I may hate doing so. Whatever we do, we usually enjoy it, at least for a while. In other words, we get more amusement out of doing some work than out of doing no work at all. In fact, it is far "harder" to do no work all day and every day, than to do some work. You have only to think how sad and wretched are the lives of unemployed men and women. This is not only because they have so little money to spend, but very largely also because they have so much time to spend, but have so few ways in which to spend it.

Work and amusement then are and should be, quite rightly, mixed up together. The more people work on jobs which they enjoy, the happier everyone will be.

In what way can we separate work and amusement? Is there any purpose in keeping these activities apart?

Work and Play different.

There is one very definite difference to be seen. When we work, we work partly with some other purpose in view than the mere joy of working. As we go on working, the fun of working grows less, because we gradually get (more) tired or (more) bored; but the other purpose remains as fixed in our minds as ever it was.

I may be a coal miner. If I am a good skilled man, I may enjoy using my muscles in the best and most efficient way. But I also dig the coal partly to get coal to heat the house and cook the food, or partly to earn a wage to buy the food and pay the rent. If I am a typist, I type letters, partly to send news needed for my business and partly to earn money as the coal miner does.

If I dance on the village green, however, I dance for joy; I dance for dancing's sake (unless I am a dancer by profession and am giving a "show"). I am amusing myself without any other purpose in view. If I swim in the sea or the river, I do it only because I like swimming. If I play tennis or golf or football or hockey, I do it for the fun of the thing, unless I am a professional, in which case it would be "work."

Robinson Crusoe, then, can either work or he can play, *i.e.*, amuse himself on his island.

If he sleeps, he does so because he likes it or because he must. If he sits and dreams, he does it because he

likes it. If he swims for pleasure, he can do it because it is enjoyable and for no further reason. Or he can spend his time eating the fish he caught or the coconuts he picked. In that case, he is doing so just because he is hungry and eating pleases him. In all these ways he is spending his time and getting nothing in return for it beyond the sheer fun of it.

Scarce Time again.

If Crusoe builds himself a hut or collects his bananas, or makes a hammer, he is spending his time and getting something in return for it other than the fun of doing it. He is giving up his time doing the jobs which help him to get those things which he wanted to have.

It is best to call the first group of activities—those that are done for the fun of it only—*spending* or *leisure* or *consuming* ; and the second group of activities, *working* or *producing*. In between these two groups come those done with mixed motives, like exploring or exercising.

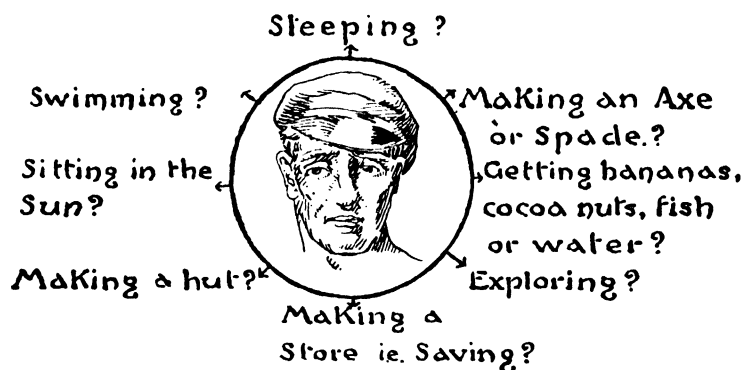
Robinson Crusoe, then, must choose broadly between how much of his time he will give up to pure enjoyment, in spending pure and simple, or in consuming ; and how much time he will give up to work or labour or producing things.

Also he must choose between the forms of enjoyment on which he will give up his spending- or leisure-time ; and between the kind of things on making which he will give up his working- or producing-time.

The Choice.

At the beginning of this chapter, we said that Robinson must think things out carefully every morning. Here is a picture of him after a little thought, showing

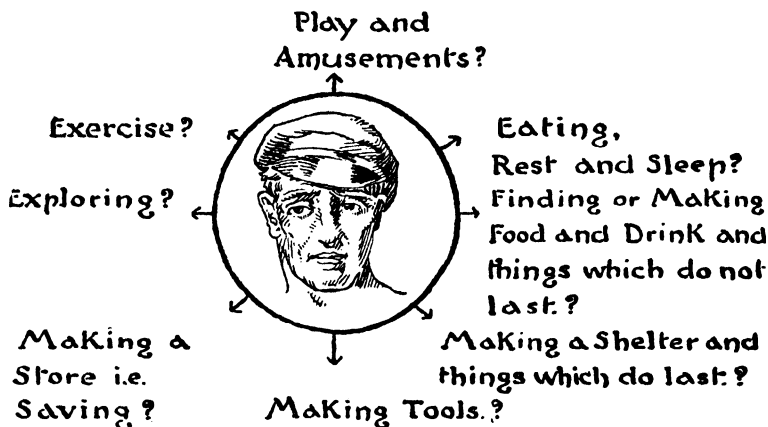
what are the different possibilities between which he must choose in deciding how to spend his day :—



HOW CRUSOE SPENDS HIS DAY

There is no special order in which I have put these different ways of spending his time. Robinson Crusoe himself felt they were all muddled up too much, so he finally sorted them out in his mind, rather in the fashion in the next diagram :—

SPENDING OR CONSUMING OR LEISURE.



WORKING OR PRODUCING

If you look back at our account of Crusoe's working day (see page 85), you will see that all the things which he did can be fitted into one or other of these headings.

You will see, also, that it is not a very easy thing to choose between all these different activities. The problem is the same as that which we have seen in all situations where economy is needed.

Crusoe has a limited amount of time. His hours are scarce. Only 24 in each day. What he must do is to spend them in the best way. To do this, he must not give up too much time to any one kind of action. For if he does, he will have to go without something which he will want more strongly. Too much sleep means too few bananas. Too long exploring means he cannot make that hammer which he wanted for his hut. Too

long work means too little fun. Too much fun means not enough to eat. In every case he must choose how much time is to be spent in each different way. He must not waste time either by sleeping all day or eating all day or working all day. *In fact, he must economise his time.*

Summary.—We must think out carefully first what are our different wants, since we must spend some of our scarce time in producing goods to satisfy these wants. Spending our time on jobs which give us something over and above the enjoyment got from doing the job we can call Work or Production. Spending time on doing things only for the enjoyment of doing them we can call Leisure or Consumption. Since time is scarce, we must choose between so much producing and so much consuming, as well as between the different ways of producing and of consuming. However you spend your time, you have to go without something else, which you might have done or made with that time. Here again the need for economy.

Written work.—Take the list of ways in which you spent your 24-hour day, which you made for the Question on Chapter 10. Write as nearly as possible the amount of time which you spend on each different way. You decide now that you will spend two hours a day *extra* on your work. How will you find the time for that extra two hours? Give reasons why you decide to cut down any of the different ways of spending time, and why you decide to cut them down by any special amount.

CHAPTER 12

MAKING A STORE

HAVE you at any time ever made a store of things? It may have been pencils or chestnuts, or chocolates or pennies. Most people lay up a store of things some time or other. Whatever it may have been, I expect you felt it was a desirable thing to collect together a number of things—more things than you could make use of at any particular moment.

When you do this, you are really *saving*. You are saving up things which you may want later on. You will see that I have included saving as one of Robinson Crusoe's ways of spending his scarce time. He might spend an hour or two each day making a store of things. It is exactly the same when you spend some of your time in autumn looking for "conkers." Instead of rushing into the roads and searching the ditches every time you want one, you may spend some of your time deliberately looking for them, because you know that later on you will be able to make use of them, even though at the moment you do not need them.

If you look back to Chapter 3, page 21, you will remember that saving by the family was done with money. They set aside a part of their income every week for some special occasion; perhaps for a sudden illness, or for an extra holiday; or to help one of your relations; or to buy a wireless set.

In Chapter 7 we saw that money is useful ultimately because it buys the things we want. Saving money, therefore, is useful because later on we get

these things with the money, whether they be medicines, or holidays, or wireless sets.

In the same way, our shipwrecked sailor cannot put aside money with which to buy things later on, because he has not got any, and if he had, it would be no use on an uninhabited desert island. But he can put aside something else which he has got. *He can put aside his time* in collecting the things he may want later on.

Now why should Crusoe want to take up some of his time in this way? Why not live happily from day to day, picking his coconuts and eating them as he wants them?

The Uncertain Future.

The reason is that you never know what may happen. He may have been wrecked on an island far from the ordinary trade routes of passing ships. He may tie his shirt to the tree on the island, but, hope as long as he may, the rescuers may never hove in sight and see that shirt. The years may go by. Crusoe may become an old man. Too old, alas! to climb up the coconut tree any more. Too old to catch the fish in the sea or the fish in the lagoon. Too old to cut down the hard mahogany trees with his stone hammer.

What can he do?

Unless he is to perish, he should foresee the future, and make a store of coconuts against these years, or a store of wood to light his fire, when his arm is no longer strong. I fear a store of fish would not be a great success. That is one of the advantages of saving money rather than things. You can save your money and turn it into a nice piece of cod, when you are 70, but if you came to store your cod—the result is not so good!

In making a store, then, of things, coconuts or wood, Crusoe will really be *providing for the future*. He

has realised that to be wise, he must think not only of to-day but of to-morrow as well. He must provide not only for the needs of to-day, but for those of next week.

There is another method by which he can take heed of the future. That is, by not consuming too much of his things to-day.

Greed and . . .

Imagine that there is a small lagoon on his island. Our shipwrecked mariner soon discovers it. He sees a few nice plump-looking fish. "Ha!" he may think. "This looks better. I'm sick of bananas for breakfast, coconuts for lunch, and bananas again for supper. Here is a pleasant change." He makes a boat, and he makes a spear, and he soon catches a fine fish for breakfast. He is so pleased, that the next day he does the same; and so on every day for a month, until there are no fish left. He was very greedy, and there were not very many fish to start with.

Then he sits down, along with his coconuts and bananas, to repent at leisure (he had a good deal of leisure, you remember). "If only I hadn't eaten all the fish they might have had a chance of breeding," he thinks. "Then in a little while the young fish would have grown up and provided me with a good tasty supper. Now there is nothing but wretched bananas again!"

Thrift.

Actually, then, if he had thought of providing for the future, he would have gone more slowly with his consuming in the present. "Saving" in the sense of thinking of time to come may not be just making a store, but it may be just not spending too much on the present. It is rather like the old story again of not being able to *eat* your cake and *have* it at the same time.

Only now we say : “ You can’t eat your fish now *and* eat it in the future.” You can either eat it now or you can eat it in the future. Or you can eat half now and half in the future. You have to think whether you would prefer to have it *at* this moment of time, or *through* (during) time to come.

There are big advantages, as you will see, to be gained from making a store. Some people, however, start off by seeing the advantages of saving, and then get so enthralled by the business of saving, that they forget what they originally saved for. They lose all good sense in life, and become misers.

Why Should We Save ?

The reason we have seen so far in making a store was that *it made our future life better in some way*, and that later on we were going to enjoy what we had saved now. But misers become unable at any time to enjoy what they save.

There is another purpose and result of saving. That is to *save ourselves time and trouble*. Not in the present, but in the future.

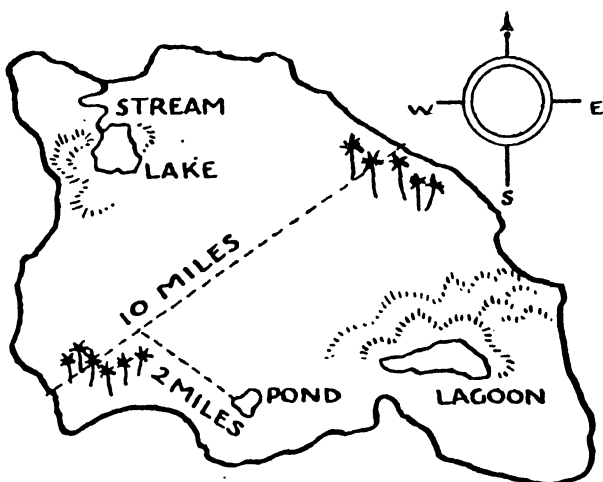
Look at the map of our island.

You will see that in the S.W. corner there is a plantation of mixed banana trees and coconut trees. Neither of these trees, thinks Crusoe, will make very attractive wood for his hut. Up in the N.E. corner, however, ten miles away, is a mahogany tree plantation. Away in the east is the fish lagoon, but he has not yet built a canoe, nor made a spear, so he cannot get any fish, and there is no other kind of food in the island, so far as he can see.

“ Well, there’s nothing for it ! ” he thinks. “ I must have my banana breakfast early, walk over to the mahogany wood, cut down what I want, and bring it back to make my hut under the shadiest coconut tree. It will be a tough job, but once it is done, it will

save my walking ten miles from the mahogany wood to the banana grove every day before I can have breakfast!" So off he set every morning after an early meal. He hacked wood all day, and carried it back in the evening to the bananas and coconuts.

"Phew!" he thought one sultry evening. "This is a wearisome business. I must think whether there's



THE ISLAND AT FIRST ~~~~~

some plan which will help me to get on with this a bit more quickly. All my time and energy are taken up walking to and fro."

The mahogany trees were especially hard and sometimes he had scarcely any wood to carry back.

"This is a hopeless job," he thought. "I really must do something about it."

That night he lay on his back for quite a while. He was so tired, that his banana supper had not agreed too well with him, so that he had not gone to sleep. At last, suddenly, he thought of a plan.

"Why on earth didn't I think of it before?" he said to himself, just as he slipped into sleep.

Next day, he spent all day picking bananas and coconuts. He made a big bundle of them, and in the evening he trudged over to the mahogany wood.

"Those will last me ten days," he said to himself. "I can sleep over here, and I needn't walk back to the banana grove until they're all finished."

In this way, you see, *he had saved up ten days' worth of bananas*. That gave him the chance of getting on with his work, without the ten-mile journey twice a day. The purpose and the result of saving the bananas was to save him a vast amount both of time and of unnecessary labour, and he was able to get on with his hut much more quickly.

While our Crusoe was saving himself time and trouble in this way, he was really saving up something else at the same time. This brings us to the third purpose of saving.

When he saved bananas, the bananas did not change. They remained, quite naturally and quite properly, bananas. One or two of them may have got slightly bruised, when he carried them over to the mahogany wood, but that could not be helped. They were still—bananas.

But the wood he saved did not remain wood. What happened to it?

There's no magic about this. We have, unfortunately, passed away from the days of Aladdin's genie.

The wood became a hut.

Crusoe worked on it, and hammered it, and cut it and carried it, and dug it into the ground, and it did eventually become a hut, which kept off the baking sun and the violent rainstorms, and the coconuts which had occasionally dropped on his head at night, very much to his annoyance.

Something New.

But the wood only became a hut, because he had first saved up the means of making it into the hut. Unless he had got together a lot of wood, Crusoe could not have made it at all. That is where saving comes in. You make a store, and then with the store you make *something different*, something which, before, you had not got at all. If it had remained "just wood" he would have used it for making a fire, and if he had burnt up all his wood in this way, he would not have got the hut.

Of course, he did not have such big fires every night, as if he had burnt all he cut down; but he felt it was worth while to do with a little less fire now, so as to have something better and different—the hut—in the future.

(Of course he could have done the same with the bananas, and the coconuts. He might have saved up a couple of bananas and a coconut one day, and mixed the milk from the coconut with the banana to make a fruit trifle. That would have been something different, too—but unfortunately he did not think of it.)

The importance of the hut (unlike the fruit trifle) was that it went on giving satisfaction, not once, but every night he slept in it. In fact, all the time till it was blown down by a gale. It gave satisfaction *through* (or *during*) time, instead of once only, like the wood he burned on the fire. But before he could change things to do this, he had to save up the things first.

Something Useful.

As time went on, Crusoe saw that there were a good many other things he could make with his wood. Things which he could *use* in his work. He made, not only a hut, but a bow and arrows. After that he made a spear. With these things, he was able to catch fish in much less time. Or he was able to catch far more fish

in the same time as before. It comes to the same thing. *It saved him time and trouble*, or else it gave him far more things for the same amount of time and trouble. Suppose he caught ten fish in one hour, without the spear. With the spear he could catch 30 fish in one hour. Or he might catch ten fish in 20 minutes. Or even five fish in ten minutes. He could do whichever he preferred.

Also he shot birds with his bow and arrows, and thus got different food from the earlier vegetarian diet of which he was getting rather bored. These useful things are called *Tools*.

By saving up his wood, then, he was able to make tools, which helped him in all the ways we have already seen ; *i.e.*, these tools in their turn saved him time and trouble, or gave him more things than before, and also they helped him to have different things from those he had originally had. But before he could have the tools, he had to save the things with which he could make them.

Economy in Saving.

Now in saving, there is always need for economy—of the right kind. We have already seen that he might only think of the present, and eat up all the fish in the pond, leaving none for the future. *That would have been bad economy of saving his fish : too much for the present, and too little for the future.*

It is possible, however, that he might have thought so much of the future, that he went for a whole six months without eating any fish at all. “ All the more for me later on,” he said to himself. But at the end of six months, a ship might have appeared on the scene, caught sight of his shirt on the coconut tree, and rescued him from his lonely island. No doubt Crusoe would have been duly thankful, but he could not have helped

thinking that he might have had some of the fish to eat, after all, during that six months. Actually he had made a *bad economy of saving again. Too little consumed in the present and too much set aside for the future* : more than could actually be enjoyed.

On another occasion he might have used all his day carving and making a good sharp spear. When night came, he might find that he had forgotten to collect any wood to make his fire. Perhaps rain fell, and the result would have been a wretched, cold, wet night. That would again have been bad economy. He would have chosen too much time for providing for the future and not enough for the immediate present. Too little saving will make us spendthrifts. Too much saving may make us misers.

The object of right saving, then, is to divide up your time and your labour and your things, so that you have just the right balance between present and future. In other words, to spend your scarce time and scarce goods wisely between present and future. When you do this, you economise—*not* in time and goods *now* (this was the problem in the last chapter)—but you economise *through*—or *during*—time ; you economise between now and later on.

Summary.—Some time and labour can and should always be put aside for saving, *i.e.*, providing for the future. This makes the future more secure. Saving can also be carried out by not consuming what we have at present. Saving, or making a store of things, may save us time and trouble. It may give us different things from what we originally had. Saving also can result in having useful tools with which to work. These tools save time and trouble, they provide more for the future, and they give us different things, too. As time and goods are scarce, one must divide up carefully one's scarce time and scarce goods between doing things for

the present and doing things for the future. That is economising "during" time.

Written work.—Saving helps to give us the tools and machines which help us in our work. Make a list of any tools or machines, which help work, and which are used in your own town or village. Make a separate list for the tools which are used by hand ; and for the machines which are used by some means of power other than hand, whether water, steam, gas or electrical power. Describe what your lives would be like without *the machines, which are used by power.*

CHAPTER 13

ANOTHER SHIPWRECKED PARTY

ONE night our shipwrecked sailor was sleeping peacefully in his hut. His bow and arrows and his spear lay beside him. A pile of coconuts for the next day's breakfast was stored up beside him.

Suddenly, he was awakened in the dark. A wild wind had arisen, and a branch had fallen from a tree on to the roof of his hut. He sat up and listened. The waves were roaring and crashing a hundred yards away on the beach. The coconuts were flying about in all directions.

He was just about to lie down and to try to sleep again, when a strange noise, unlike any that he had heard for many months since he had been on the island, caught his ear. Was it possible? Surely he was mistaken. He lay down again.

"Imagination," he thought, "or the wind whistling in the leaves."

He lay back; but just at that moment, once again the sound startled him. He jumped up and, pushing against the wind, he ran down to the sea. There, sure enough, was a party of half a dozen men, wet, ragged, weary and exhausted, but alive! Their small boat lay broken on the beach.

The next day he heard their story, of how they had been forced to the lifeboats in a great storm, driven far out of their course, and washed up on the island by the hurricane of the previous night.

Crusoe showed them round the island.

"Not so bad," said one.

"Have to put up with it," said another.

"Ought to be enough for us all, I suppose," said a third.

So they decided that they must make the best of things, and get on with the job of settling in, until another ship rescued them.

Each for himself.

Crusoe found life, naturally, very much more enjoyable than it had been. The men told yarns in the evening; they worked together during the day; they bathed and swam in the sea, and sat about in the sun on the sand. Life was certainly a bit monotonous, but it was a great improvement on the solitary past.

They decided that the fairest plan for everybody was to divide up the banana and coconut trees, and the mahogany trees as well (of which there were in all a good many), among the seven inhabitants of the island. Each man had a certain number allotted or shared out to him.

They next decided that they must each have a hut. The first night in the storm, they had all crowded into Crusoe's hut. But there was only room, comfortably, for one, and it was no use trying to make it do for seven. So, as soon as they had got their bearings, Crusoe showed them how to make an axe, how to pack up a store of bananas for a week or so, and where the mahogany tree plantation was situated. After a few days, the six men were to be seen all busily cutting down wood, and carrying it over to the banana grove, where each one was preparing to build a hut for himself.

After the second week of this, they came back one evening with the wood they had laboriously cut, and found Crusoe frying a nice piece of fish on a wooden skewer over the fire. They were all feeling rather sorry for themselves.

" This wood-cutting business is all very well, but my back feels as if it were pulled out with ropes to-night," said one.

" So does mine," said another. " Look at George ; he's the only one of us that can stand up straight. But then he's cut wood all his life, before we started on this pleasure trip ! "

" Pleasure trip ! " said a third. He was a little chap called Bill. " If that's what you call lugging these great lumps of wood ten miles on your back, my next pleasure trip will be watching the cranes load up the ships in London Docks. I wasn't built for a crane myself, like Fred or Harry here. It's all right if you've carted orange boxes on your head all your life—but I haven't ! "

" Hullo, mate," said one of them finally, " that smells good ! Where did you get your fish ? I'm about sick of bananas for breakfast, bananas for lunch, bananas for supper. I think I'll see if I can do something in that line to-morrow ! "

" That's a good idea," said Fred. " I'm going to do the same. I want a bit of change " ; and the others all agreed.

Fish.

So the next day Crusoe took them down to the lagoon, and showed them how to cut and shape a spear, and how to harpoon the fish. They spent a good deal of time making these tools, but eventually they were ready. However, when they all appeared round the lagoon, they made so much noise, and their shadows and movements were so continuous, that the fish took fright and retired to the bottom of the water.

At the end of the day, the men looked rather ruefully at one another.

" We don't seem to have had much luck, do we ? " one of them said.

"No, that we don't," said another, "all except Jack here, that is. He's done pretty well. How did you manage it, Jack?"

"Well, I don't think much of your spears, when it comes to fish," he said. "Look!—I'll show you. This is what I do," and he lay on his stomach by the lagoon, and proceeded to show them how to slip his arm carefully into the water, until his hand lay under a plump fish. Then, with a flash he jerked his hand up, and the fish was lying on the land.

"All very well for you," said George, "but that takes a bit of learning; I can see that. Anyhow, this wasn't too good a day. We shall have to do something about it."

That night they discussed the position. Jack was feeling pretty cheerful, as he sat round by his fire eating fish, but the others had so little, that they had to make up with bananas, of which they were, of course, heartily tired.

They appealed to Crusoe.

"Well, what about coconuts?" he asked. "It would be a change, at any rate."

Huts and . . .

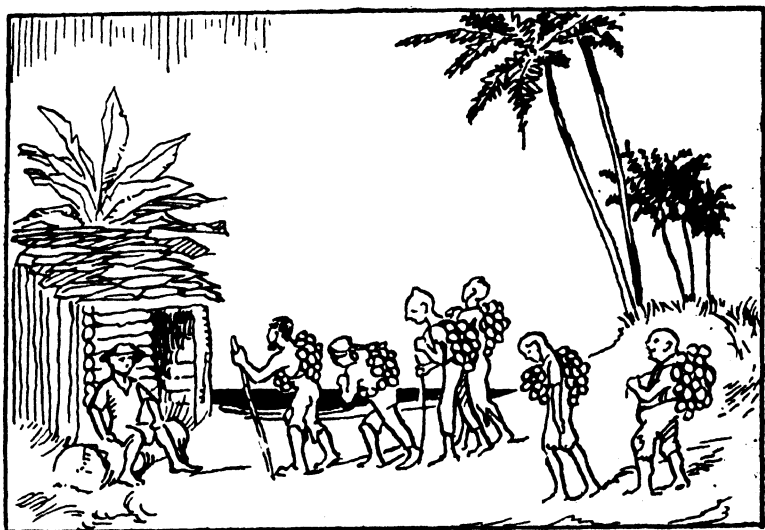
The others agreed, though not very enthusiastically, and they were just settling down for the night under the trees, when the sound of splitting and rending came from Crusoe's hut. A moment later he appeared in the doorway.

"There it goes again," he said. "That wretched beam never keeps in place; the roof's pushed the corner-post right out and I shall have to sleep under the trees to-night, and take the roof all down, and put a new side post in again to-morrow. It's always doing that."

"And not much wonder, too. Look at the size of your roof, man! You've got all the weight in the

wrong place. I'll show you what to do about it in the morning. If you go on like that, it'll come down on top of you one night, and you'll be found brained to death."

"All right, Tom," said Crusoe. "You lend your skill on this job."



THE SAME JOB FOR ALL

"We don't seem to be getting on very rosily at the moment," said Bill as they dropped off to sleep.

Coconuts.

The next day the sun shone pleasantly as usual, and off they all went to pick the coconuts.

When evening came, they re-assembled round Crusoe's hut. They looked a sorry company. Their hands were torn and bleeding; their knees were skinned; their clothes were in ribbons. Fred had a great lump on his head, from tumbling off a branch and knocking himself badly. Harry had sprained his wrist in a fall.

"All right for featherweights, but not much good for us," they said. "Where's Bill?"

At that moment Bill came in sight.

He was loaded with coconuts, so many that he could hardly carry them, in spite of tying them together with ropes of fibre which he had wound together.

He walked into the ring of men.

"Hullo, mates!" he said. "Been having a scrap together to pass the time? Or has a band of pirates attacked the troops? You don't look very bright and merry."

The only reply he got was a series of grunts and growls.

"Eight-stone-nothing-monkey-up-a-stick. You're all right up a tree, it seems, but don't be too funny about it," was the only reply he got.

That night, Robinson Crusoe lay thinking about the day's doings.

"We can't go on like this," he thought to himself. "We're getting a bit too irritable with one another. I seem to have got on all right by myself, because I'm something of a handy all-round man. But these chaps are trained fellows, and although they can each do one or two things really well, they can't do half the things they need to do. I must think out something to help things."

Just as he fell asleep, he thought of a plan.

What is yours?

Summary.—When a lot of people have to work together, their abilities to do different jobs vary. The total time a number of men have now for producing goods and services or for saving is the addition of all the times which each man can give separately. This presents both a problem and a possible means of further “economy.”

Written work.—In what ways do you think people differ especially from each other? How do you think the differences will affect the kind of work which they will want to do?

CHAPTER 14

ROUND PEGS AND SQUARE PEGS

MORNING came, and as a Frenchman once said, "What troubles are not eased by the dawn?" Even those on the island seemed less annoying in the cool air of the early day. The new party was just preparing to set off on another round of arduous labours, when our Crusoe hove in sight.

"Here! Hi!" he shouted to two of them, who were already some way off, "come back! I've got something to say to you all."

They gathered round.

"Now look here," Crusoe began, "yesterday was a bit of a wash-out——"

"Ay, it was that," said Ted. (He came originally from Huddersfield before he was shipwrecked.)

"—— and the days before yesterday weren't a great deal better either," Crusoe went on. "On Monday, Fred nearly broke his thumb with the mallet, trying to make his hut. On Tuesday, Ted falls into the lake, and gets himself half-drowned, fishing, and would have been quite drowned, too, if Jack hadn't pulled him out. Wednesday, Harry mistakes his leg for a tree stump, and tries to chop it down. On Thursday, Bill, being only a little fellow, strains his back carrying logs; and yesterday, Jack tumbled off the tree, and wouldn't have been here at all, if he hadn't fallen into a prickly cactus standing handy nearby. If we go on like this, we'd better build a hospital and have done with it."

Apart from accidents and injuries, we're all getting so fed up that, if this weren't going to be a hospital, it'd be more like a public bear-garden."

He paused and looked round.

The Plan.

"Now my plan's this," he continued: "we're none of us too good at *all* the different jobs we've got to do, but each one of us is a pretty good hand at *one* at least of those jobs."

"That's right," said Jack; "so we are now!"

"Take George, now. He doesn't give exactly a striking performance climbing up the coconut trees, does he? But he's mountains better than the whole lot of you put together when it comes to cutting them down! Give him an axe, and I reckon you can't find a man to beat him.

"Look at Fred and Harry, on the other hand. They're more like a couple of oak trees themselves. They aren't long enough in the arm to do so much damage with an axe as George can, but they're just built for carrying the logs. Put twice as much on their backs as you other chaps can carry, and they still come in grinning.

"Then we've got Bill and Jack and Ted. Bill's all right. Send him up the trees. You saw him last night. Fresh as a daisy. Ted's our first-class carpenter and builder. He can put up a hut while you're standing round looking at it, wondering which end of the wood is going to knock your head first.

"And Jack's our fisherman. He's as useful in the water as you chaps are out of it."

Crusoe paused.

"Well, that's all right, but what about it? You haven't told us much more than last week's news, so far as I can see," said one of them.

Each for Everybody.

"Why! Don't you see?" said Crusoe; "it's like this: each one of us is first-class at one job, but not a great catch at all the other things. Give each one the job which he can do, and let him do it *all* the time."

The men sat and thought about this.

"Well, that's all very well," said Fred after a while, "but if I spend all day and every day humping the wood cut down by George, how am I going to get any food for myself? As we manage now, every third day I spend getting food for the other days, when I'm away up in the mahogany plantation."

"But don't you see," said Crusoe. "Bill will spend all *his* working time getting food; and as he will be able to get far more than he wants for himself, he'll give some of his food to each of you chaps."

"Well—yes—but will he?" asked Jack.

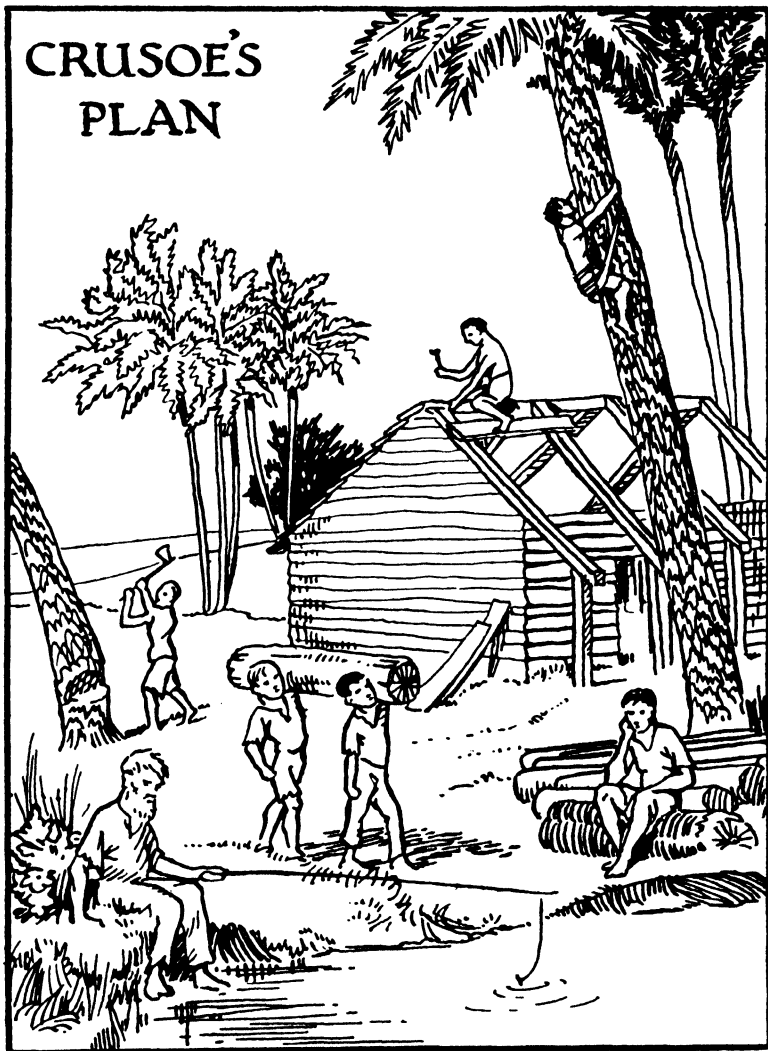
"Why should I bother to get food for them as well as for myself?" said Bill.

"Why, of course, it's like this: you'll spend your day getting coconuts and bananas for all of us; and Jack will get fish for all of us, too, including you; and Fred and Harry here will carry logs for all of us, and for you, too, because you're only a little chap; and George will cut them down for you; and Ted will make you a hut. If you don't get food for them as well as for yourself, nobody will get your fish or build your hut or do any of those things for you, which you obviously can't do for yourself. Everybody does the thing he best can, and then we exchange the things among us, or we exchange the jobs, if it's like carrying something."

"So we'll just be doing those things we're used to do, and the things we can't do, somebody else will do for us?"

"Well, if it means that I'll not have to go scrambling and scrumbling up those coconut trees any more, I'm

CRUSOE'S PLAN



A DIFFERENT JOB FOR EACH

for it," said Harry. "I vote we give the plan a try-out, and see how it works."

So after a little more talk, off they went.

Results.

After a week, they assembled one warm evening at the entrance of the first hut finished by Ted. Everybody was cheerful. They told stories and sang songs, and they agreed that life was much more pleasant than it had been before.

"Well, Crusoe, your plan's turned out pretty well, it seems," said one of them finally.

"That's true," said Jack. "I don't dream of carrying mountains on my head any longer! Things are altogether much easier nowadays."

"And what's more, we seem to get much more of everything—more bananas, and more coconuts, more fish and more wood," said Harry, "*and* a hut up in a week, instead of what looked like a couple of months, as far as mine seemed likely."

"That's why we're sitting about so cheerful to-night," said Bill. "*We get more of everything, and we enjoy ourselves better while we're getting it.*"

"Yes, and we don't have to waste so much time making things to work with," said Fred. "Half our days were spent, it seemed, making wooden axes; but now George just makes his, and we don't each have to waste time making one for ourselves."

"A right daft lot of chaps we were, too!" said Ted. "Why, what was the use of each of us having an axe for the wood, and a spear for the fish, and a hammer for the pegs—and goodness knows what next!—when we were only using them about half an hour each day? And then they lay about idle all the rest of the time! *Now we can manage with only one axe between the seven of us, instead of seven axes which one hardly ever wanted to look at.* Think of the time we save there!"

"Here's another thing!" said Jack again. "Now I'm spending all my day down by the lake tickling the fish, I find I can do it a sight better than I did! Time and again the big wary ones used to slip through my fingers and get away, but now I manage to land about every other one at least!"

"How's George getting on?" asked Crusoe.

"Well, I reckon I'm getting into these hard-grained trees a bit now," said George. "I never worked on such tough stuff before in all my life; but I'm beginning to get the feel of them now; it's a case of knowing how the grain runs, and when to twist your wrists as you hit it! I guess *you'll* be getting some better planks of wood soon, when I've had a bit more practice. *Now I'm on the job full time, I'll be getting the right skill for the job, so to speak.*"

"Well, that's all right," said Crusoe, "and while you've been at it this week, I've found something on the island. I'll show you, to-morrow!"

A New Idea.

So the next day they decided to have a day off, and as they had all been getting on so well with their jobs during the week, and as Bill and Jack had provided plenty of provisions, they set off to a more hilly part of the island, which hitherto they had not properly explored. They walked up a sort of dry ravine for a few miles, and when they came near the top of the hill, they found a biggish lake.

On the far side, flowing towards the sea, was a stream. It ran down through a rocky path and disappeared, so far as they could see, over a cliff into the sea, which was very near this side of the island.

The men gazed around.

"Nice place for a picnic," said Ted at last.

"Not so bad," said Crusoe, "but that's not why I brought you up here. You see this stream?"

"Yes," said the others.

"And you see this bank and these rocks?"

"Yes."

"And you see where the water flows from the lake down into the sea?"

"Yes."

"And you remember the pathway cut in the hill which we walked up? Now taste this water!" Crusoe suggested.

The others did so gingerly.

"Well, it isn't tea," said Fred. "What's the matter with it?"

"There's nothing the matter with it!" replied Crusoe. "That's just the point. Don't you see now? If we dammed up the place where that stream flows out yonder; and if we cut away this low bank of earth and moved these rocks; and if we dug it down deep enough, the water would run down the ravine past our huts!"

"Well, what'd be the use of that?"

"What use would that be? Why, this is the use: what do you do when you want some fresh water? You have to walk a couple of miles to that little pond in the sandhills. And what is it like? Warm and dirty, unless it's just been raining. But this water will be running water, because it will come from this lake up here. That means it will be clean water; and what's more, it will come right by your door, almost as if the local Water Board had brought it there in a lead pipe!"

"And we won't have to walk two miles each time our throat's a bit dry," said Harry.

So off they went.

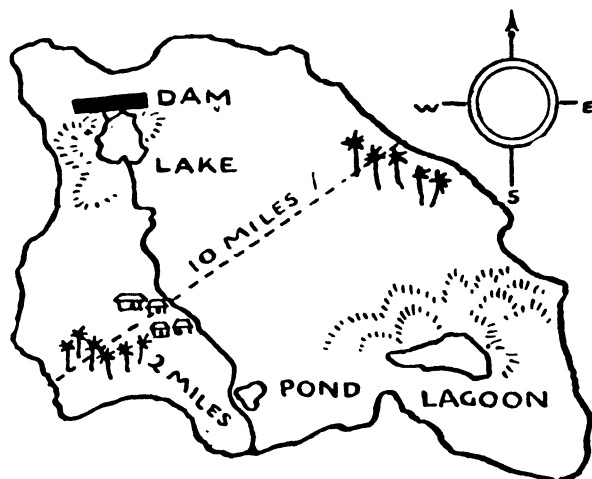
George cut down some wood, and Ted, who was the carpenter, made it into wooden spades, and before long the stream was flowing merrily within 20 yards of their huts.

Here is a map of the island after they had finished. Compare it with the one on page 103.

The Island's Inventor.

The night it was finished, they gave Crusoe a vote of thanks. Jack made a speech on their progress, and at the end he said :

" Now, Crusoe, on your advice we've *divided our*



THE ISLAND LATER ~~~~~

labour up, so that each one of us *specialises*, as you might call it, in one job, so that he'll soon be a master of it. We're now all square pegs in square holes, or round pegs in round holes on this island. But we've been thinking for some days what is the best thing for you to do, as we can see you're a bit of a handy man, and good at most jobs to which you lend a hand, so it's difficult to choose for you.

"So my mates and I have come to the conclusion that you ought to be a sort of free-lance inventor and explorer. It was your idea to think of our each doing

these specialist jobs, and it was you who thought of bringing the water to our throats, instead of having to take our throats to the water. That being the case, we've decided, if you're willing, to keep you in food and wood and fire, and Ted is going to make you a proper hut, if you will agree to be *our specialist inventor*. When you've got a good idea, you bring it along to us, and we'll see what we can do with it. If it saves us time and trouble like these last plans of yours, we reckon it'll be well worth our while—and yours too!"

After that they celebrated the occasion with an extra large meal of fried fish 'and bananas, and Crusoe was formally installed as the island's inventor.

It would take too long to describe his different inventions; and in any case, I think it would be better if you tried to think out what ideas you could have produced yourself, if you had been in Crusoe's place. After all, you never know in what fix you might one day find yourself.

Economy Again.

Now you may well ask: what has all this to do with Economy? If you think back to Chapter 11, you will remember that our shipwrecked sailor all alone on the island, had a limited amount of time to spend each day. He had to economise that time, so that he did not spend too much in any one single job or pastime, because if he did, he would have to go without something which he would find he had really wanted more strongly.

When our six fellow-men were wrecked on the island along with Crusoe, there were seven people in all who could produce (albeit very unskilfully) any of the things possible on the island, bananas, coconuts, wood, carrying, fishing, thinking, exploring and so on. These seven men were our total *Labour-force*.

At first all the men, that is all the Labour-force, did a little bit of all the jobs, and most of them did them badly, too.

After a time, they found that the *Labour-force was made up of all sorts of different abilities and powers.*

George was tall and long in the arm ; Fred and Harry were strong ; Ted was clever with his hands ; Bill was nimble and good at climbing ; Jack was a fisherman ; and Crusoe was a thinker. These seven men, then, with these different abilities, had to supply all the different things they wanted. So they found that they wanted, very naturally, to get most of the jobs done as quickly and as easily as possible—especially those for which they were least suited—so as not to waste their scarce time and scarce labour.

Therefore, they decided that they must *economise their labour.* They had a limited scarce amount of labour—seven men—and they chose that labour—that man—to do that job which he could most easily and happily perform. Crusoe became the inventor, Jack the fisherman, Ted the carpenter, George the woodman, Bill the climber and Fred and Harry were the porters. *By each working on the job for which he was most fitted, they, all together, spent far less of their time and labour in getting what they wanted.*

Summary.—The time and labour which all people have for producing things and services can be used most profitably to make those things—it will “go the farthest”—if each man does the job for which he is best suited. This is called the best Division of Labour. By this means, more goods can be produced with the least labour ; less tools are needed ; skill is increased, and hence jobs are done more quickly still. This enables wants to be filled with the least waste. It is, therefore, one of the best methods of economising scarce time and scarce labour in production.

Written work.—In what ways is labour economised by specialisation in :—

- (a) Your own home.
- (b) Your school.
- (c) Your own town or village ?

CHAPTER 15

AGREEMENTS

Trouble on the Island.

As time passed by, on the island, the custom grew up that the inhabitants met together in the evenings over supper to discuss the day's events, and to consider whether there were any special difficulties to meet.

Usually there was nothing of particular importance to relate, but one evening after an especially wet month, Crusoe noticed that all his friends were looking gloomy and out of temper.

"What's up, Bill?" he asked the man nearest to him.

The little man appeared unusually weary.

Wasting Time.

"Well," said he, after considering a moment. "It's like this. As you all know, I've agreed with you chaps to supply you with so many coconuts on condition that you do certain things for me in return. That was because I can climb up the trees better than any of you can. But I didn't agree that I'd go on getting that number of coconuts and climbing the trees if you break off all the lower branches to use as firewood now the colder nights have come. It takes me just about double the time now to get up those trees, and if you can't think of something better about it, you'll have to do without coconuts, as I've had just about enough of skinning my knees!"

"All right, Bill," replied Crusoe. "We'll think it over, and see what we can do about it. In the meantime, what's the matter with you, George?"

George was angry.

Misusing Things.

"One of you chaps has been using my axe again. He's blunted the edge, and split the haft, and it'll take me all to-morrow and the next day to put it right. Why should I have all that bother because you haven't the sense to use it rightly? It's no good telling him to put it right, because if he did try, it would end up more like a saw than an axe, most likely! It isn't the first time this has happened either. You've all had a go with it at different times, and each time, it seems, is a bit worse than the one before!"

Wasting Things.

The fish in the pond were troubling Jack.

"It's all very well to talk about having enough sense to use your axe rightly," said he, "but you can make a new axe even if it does give you a bit of trouble. But how about having a little sense with your fish-pond? You're all so greedy just now, for fish, that even after I've supplied you with what I settled to give you in exchange for the jobs you do for me, you must go down yourselves, and sit there catching more and more for yourselves. How long do you think you can go on like that? Do you think the fish will just fall from the skies into the pond for you to catch? During the last three months, it has taken me nearly half as long again to get your fish, as it used to do! You may make a new axe, but you can't go on taking fish for ever out of the pond, at that rate, and expect to find enough there next day!"

Wasting Labour.

When it came to Ted's turn, he was likewise upset.

"There doesn't seem to be much proper order on this island," said he. "What's the good of a man cutting up that timber all into right lengths for making different things, and stacking it away, and then for some of you to come along and take it, just as you please, without asking me first which you'd better have?"

"None of you know," he went on, "how to put two pieces of wood together, which is bad enough. But, when you come to use this wood for your firewood, all I can say is that I shan't do any more extra work of this kind at all, if it goes on; I shall just do what I settled to do as my proper share, but if you want any extra lengths for your odd jobs, you'll have to cut it all for yourselves!"

Agreements.

"Well, Fred, what about you and Harry?" Crusoe asked at last. "What's your complaint?"

"I don't know that we've exactly got any of our own—as yet," said Fred. "Humping the logs goes on pretty well as it always has; though, when it has rained as it has this last month, the path gets all broken up and it's heavy going then. I don't know whether it's right for us two to have to keep it all in order when we all of us use it.

"Now we each agreed to do a certain amount of work for all the others, in return for a certain amount of work from them. Now, if the work becomes more difficult, as it has for Bill, climbing up his trees; or, if the fish become scarcer in the pond so that Jack can't get as many for us as he did, I can see that we shall have to revise the amounts of work that we can expect from either of *them*. That is, we must agree that in future, say, I

can't expect more than two coconuts a day from Bill instead of three, in return for what I do for him carrying these logs here. That seems all very well and good. There's a good reason for making the change."

Breaking Agreements.

"But," he went on, "supposing that some of us want to make a change *without* a good reason? How about it then? What should we do if George says one day that he is only willing to hew down one tree a week instead of two? If we all start doing that we shall all end up by doing nothing at all for anyone else, and that won't be very rosy for us. In fact, it won't be any better than the state of things that we were in before we began to divide our labour up among ourselves. It seems we ought to have some idea on that matter, otherwise we shan't know where we stand; and it's no proper thing to do work unless you know pretty well what you're going to get in exchange for that work!"

Nobody's Job.

"Before we think out what to do about this," said Crusoe, after a pause, "have you noticed how dirty the water is in our drinking stream? These rains have washed so much mud and sand down the stream, that it is all silted up in places; and to get some clean water again, the bed of the stream ought to be well dug out."

"So that's that!" said Bill. "What do we do about it now?"

"Sleep on it," said Crusoe. "I'm tired, and there's a lot that needs thinking out over all this."

Next evening he had arrived at some conclusions.

"I've thought it over," said he. "As far as I can see, there are a good many agreements needed among us, and the details we must think out as we go along."

But these are the chief points that strike me as important :—

“ Firstly, we want to satisfy our wants with as little of our scarce time as possible.”

Private Property in Tools.

“ Therefore, we don’t want people to use other people’s tools and harm them because then we have to waste time and labour putting those things right again. Therefore, I say you should agree that *certain things belong to certain people*, who have complete right over them. They should be their *Private Property*. After all, you *own* your clothes in that way. Your shirt and trousers are your private property, and the hut which Ted has made for each of you is also your own property. So it is just carrying on the same idea if you make your tools, your axes and knives, or the things you make with them such as Ted’s timber lengths, your private property too. The special object in doing so will be to economise your labour by saving waste.”

Private Property in Things.

“ Secondly, you should agree, I think, to give control over the fish-pond to Jack, and control over the coconut plantations to Bill. They have to get their living by working there. They know far more about them than any of the rest of us. If we make the pond Jack’s property, and make the coconut trees Bill’s property, that will give them this control, and then the same rules will apply to anyone who interferes with them, as it would to anyone borrowing George’s axe, and breaking the haft.

“ In that way, we shall economise the fish and not catch them all, otherwise Jack would lose his job and we should in the end lose our fish.

“ Or, as far as Bill is concerned, we shan’t lose our coconuts by making it too difficult for him to climb up

the trees, because we shall make the trees his property. In helping him to climb the trees more easily we shall economise in Bill's time, and that will give us more coconuts for every hour that he spends on his job."

One or two of them were not quite sure about giving the pond over to Jack, and the coconut trees to Bill as their own private property.

"Can you think of any better way?" asked Crusoe, "to prevent Jack's fish, and Bill's time being wasted?"

Should it be Everybody's Property?

Ted thought it might be possible for everyone to own the pond, just as everyone owned the river, but for nobody to be allowed to interfere with it, without Jack's permission. He said he thought that might prevent Jack from catching the fish in his spare time and eating them himself. Jack said that he didn't feel very flattered at this suggestion, and that he was tired of fish in any case, and much preferred coconuts. But after they had discussed it at some length, they decided that if they all owned the pond and the coconut trees together, somebody would have to be appointed to act as permanent overseer, in order to see that no one broke the rules concerning them. As they could not spare a man for this purpose they thought it was simpler, for the time being, to leave the pond and the coconut trees as private property for Jack and Bill. As both their jobs depended on their treating the fish and the trees properly, the others could depend fairly well on Jack and Bill not to abuse their privileges.

Crusoe, however, thought there was something in what Ted had said, and he promised to think it over in the future.

"What shall we do if someone breaks the rules?" asked George, who was still feeling rather sore about his axe.

"Well, if anyone does break the rules," replied

Crusoe, " he must come up before the lot of us, and explain why he did so ; and if he can't give us a good reason, he must put things right in some way, if possible, in his spare time. If he can't or won't put it right, we must think out some suitable punishment to prevent his doing it again. That will probably take a good deal of planning out, I reckon," he added.

Everybody's Job.

" Thirdly," went on Crusoe, " about the water from the stream. We all benefit equally from that water. We all want it clean, but no one particularly wants to dig the banks to keep it clean, because we don't get anything in exchange for the work as we do when we chop the trees or build the huts and so on. The longer we leave it, however, the worse it will become, and the more difficult to get it right in the end, as the banks will all fall in, if we don't do something about them.

" Therefore, I think it is only right if *we all agree to dig out those banks between us*. There are seven of us, so we can take a day each in turn. If there were more of us, we might put a man on specially to do the job all the time. But we can't spare anyone from our other jobs. So I think *it will economise our labour best if we each give a day's work to it*. Of course, it will mean a little less fish and coconuts and logs and timber work for us, but it will keep the water decent, and it will save us a vast lot of bother in the long run."

The men talked it over for some time and finally they all agreed to carry out Crusoe's suggestions.

When that was settled, Crusoe said :—

Upholding Agreements.

" Now we come to the last point, which Fred raised. What are we to do if someone wants to change the amount of work which they do for the others, when

they have once agreed to do a certain amount, and when there is no good reason for making that change ?

“ The best plan that I can suggest is that we all state exactly how much work we agree to do in exchange for how much work from everyone else. If we declare this openly, then we shall know what we consider right and proper. If a good reason occurs why that amount of work should be altered, then whoever wants it altered must put forward his reasons in public before all the rest of us. If we all think that the reason is sufficiently good, then we will allow the change to take place. If not, then the change cannot be made.”

“ But suppose he still refuses to work at the old rate ? ” asked Fred, who had first seen the difficulty.

“ Then he must be forced to carry it out, if it is for work that he should already have performed. If he still refuses he must be punished. If it is for future work, which he did not promise to do at any special moment, he can, of course, offer to do less or more if he wishes. But then any of us can also offer to do less or more too, because we are free men and not slaves ; and we can always live on the island without our neighbours' work if we can't come to any agreement with them about how much we shall do in exchange for one another. If we all start doing this, of course, in the end we may find that we shan't get any agreements with one another at all, so we must think carefully before we do start to alter our working agreements with one another, otherwise we shall all be where we were before we divided our scarce labour among ourselves.”

In this way, they decided on these agreements, which they considered were necessary so that production should go on smoothly on their island, and so that they should not waste their scarce time, labour or property.

They had come to the conclusion that if they made certain rules, regarding the way in which they worked and lived together, then their wants would be more

economically satisfied than would be the case if they had no rules.

Finally, to cut a long story short, one of Crusoe's inventions led to their rescue by a passing ship, and home they all came in due time.

Summary.—The satisfaction of wants by the best Division of Labour cannot be carried out unless there are certain rules and agreements, made and kept by everyone concerned. Firstly, people must be allowed to own certain things for themselves in order to prevent waste of labour, time and property. This is called having Private Individual Property. Secondly, everybody must agree to take a share in jobs, or to own property together, from which everyone together benefits, but which cannot be left to any single person. Lastly, agreements, concerning their work or goods, once made between people, must be faithfully carried out. To uphold these rules, people must meet together regularly, and take common action, and, if necessary, award punishments against offenders.

Written work.—Either :—(1) Make a list of a dozen of the things which you own for yourself which you consider to be the most important of all the things which you own. Then make a list of a dozen of the things which your father or mother own, and which you consider to be the most important of their things.

Or :—(2) Who “owns” :—(a) The roads ; (b) the fields ; (c) town parks or village greens ; (d) railway lines ; (e) your school ; (f) your trams if there are any where you live ; (g) the water in the taps ; (h) a coal mine ; (i) a museum ?

Or :—(3) Who employs and pays : (a) A dustman ; (b) a postman ; (c) a coal miner ; (d) a sailor ; (e) a doctor ; (f) a milkman ; (g) a policeman ?

OUR POPULATED WORLD

CHAPTER 16

THE ROAD OF PRODUCTION

THE last we saw of our shipwrecked party was their happy rescue by a passing ship. Home they came once more. Let us hope that their forced holiday on the island had not proved entirely valueless.

When the joy of their return to the world of cities and villages, streets and byways, factories and workshops, families and population had somewhat died down, perhaps they thought sometimes about their ways of living on the island, and whether those ways might teach them anything of use to the populated world which they had regained.

Summing up again.

Doubtless they sometimes met together and talked things over, discussing old times. As they did so, gradually certain facts stood out concerning their life on the island. We can write down a short list of what those facts might be, in something after this fashion :

1. They all had a limited amount of time to do things in, even on the island. *Their time was scarce.*
2. If they used their time badly, if they economised their time badly, they would give up too much time to things which were not very important, and not enough time to things which were more important. *They must spend their time wisely.*
3. To spend their time wisely, they had to *plan out* firstly the things which were really important

to them, and secondly how to get those things.

4. By spending their time on certain kinds of work, they could make different things which they wanted. What they were *able to have depended on what they did* with their time.
5. The different ways of spending their time could therefore be grouped together broadly in three ways: *Spending, consuming or enjoyment* was one; *labouring or producing* was a second.
6. And *saving or providing for the future* was a third.
7. Saving gave them *different things* from those provided by Nature on the island. It gave them *more things* in the future. Also it saved their time or trouble, and again gave them more things, because of the useful *tools* which they were able to make.
8. Saving for the future, however, meant having less in the present, because their time for doing things was scarce. Good economy meant that they must strike *the right balance between doing things for the future, and doing things for the present*. They had to economise *through or during* time.
9. The different people on their island made up their *labour force or their supply of labour*, with which they could do things.
10. As their total supply of labour and time to do things was limited or scarce, they all had to economise it so that they did not use too much for any special job (just as Crusoe by himself had to economise his labour and time); and they found that they could economise it best by using the right man for the right job; that is, by a good *division of scarce labour*.
11. This good division of scarce labour made them

specialists, increased their skill, saved them time and trouble, gave them more of everything, and reduced the number of tools required.

12. Good Division of Labour could only be carried out if certain rules and agreements were upheld by everyone concerned. The chief of these rules were, firstly, the ownership of Private Property ; and secondly, the Common Action of everyone together to do jobs, and to own property which could not satisfactorily be done or owned by individuals.

When they had drawn up this list and written all the points down as above, one of them asked what they should call it. After some discussion on the matter, Crusoe finally suggested that they should call it "The Island's Economy," because it showed the different ways in which they economised on the island and the reasons for so doing.

They all agreed to this, and then someone else said : "What about the Economy of this Populated World of ours, where we live now ? How do we all manage it here ?"

When they came to consider this problem, they soon found it was a very complicated process indeed, so complicated that they did not really know where to begin, till at last Crusoe said :

"Let's see if our island economy can't teach us how to look at it. It may help us if we try to see where things were the same, and where they were different from our present world."

So they set themselves down to work along those lines, and this is something of the conclusions to which they came.

Many People

First of all, they saw that they must consider, not how one person, nor half a dozen persons, economised

in time and labour, but how many thousands and millions of people did so. On page 96 we saw Robinson Crusoe faced with many different ideas in his head as to how to spend his day, and you will remember how he had to choose between those ideas. These different ideas were really different *wants*, either different things he liked to have, such as bananas, nuts or axes, or different things he wanted to do, such as sleeping, eating, working or sitting in the sun.

When the six shipwrecked sailors appeared, we took it for granted that their ideas, or wants, were much the same as Crusoe's. This was not really quite true, but as they were on a desert island, we were able to pretend that it was so, because there were so few things which they could get, that they had to be as contented as possible with what there was. Ted might have wanted a wireless set, and Harry a motor-bicycle, but as there was no chance of getting either of those things, they all had to be content with coconuts, fish and wooden huts.

Many Wants.

In the world in which we live, however, there is some chance of getting *endless different kinds of things*, from kangaroos to cauliflowers, from aeroplane rides to seats at a circus. All these endless different things, which people can choose to buy or to make, correspond to the endless different wants that different people have. You may want kangaroos ; I may want cauliflowers ; you may want aeroplane rides ; I may want the seat in the circus. We will buy them, if we can, and someone will make them if possible.

This, then, is the first great difference between the island and the populated world. On the island we can think of everyone as looking and thinking very much like Crusoe on page 96. In the populated world, we can still think of each different person asking himself

the same question as Crusoe—"What do I want to do or to have?"—but we must think of each person often answering them in a very different way from any other person, because there is such an enormous variety of things which can satisfy their different wants.

For instance, these might be the answers of Mr. X, a gardener, and of Mr. Y, a motor-car manufacturer, when they ask themselves what they want to do with their day. (See illustrations on page 141.)

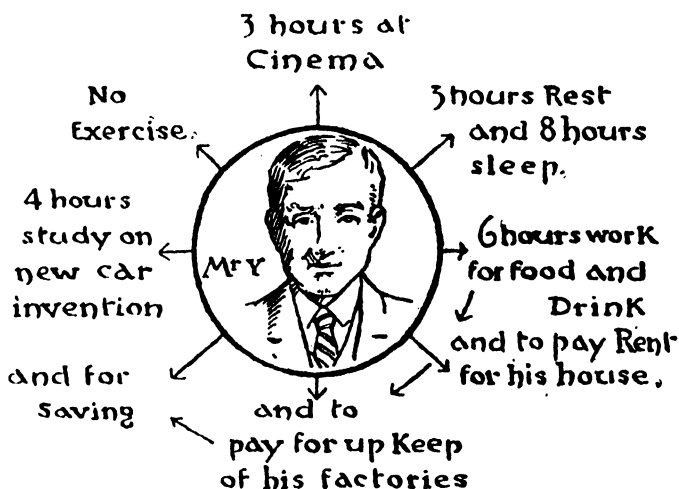
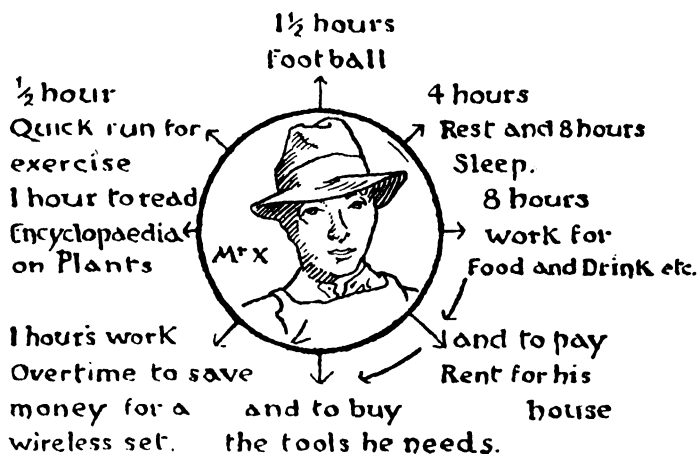
It should be quite plain that the things which Mr. X wants are very different from the things which Mr. Y wants. Mr. X wants footballs, running shorts, encyclopædias and spades. Mr. Y wants seats at the cinema, chauffeurs, iron and steel and copper fittings for inventing motor-car parts, and people to clean and work in his factories and offices. When you come to think of the food and drink that they want, it is obvious that their wants may be still more varied. Perhaps X likes onions and Y hates them. Perhaps Y likes lobster and X cannot bear it.

Not only does Y differ from X, but Z differs from Y and X, and A differs from Z and Y and X and so on and so on and so on. *Except in a few simple ways*, everybody's likes or wants seem to be quite different from everyone else's; and their powers of enjoyment of these wants, so far as we can tell, may be utterly different for each different person.

Crusoe and his friends soon realised, then, that, in this populated world *there is an enormous variety of various wants or desires*.

They saw, however, that somehow or other, *a good many of these wants do get satisfied*. Mr. X did get his onions, Mr. Y did get three hours' fun at the cinema.

Next, if they looked into Mr. Z's household, they might have seen that he was so poor, that, although he wanted a beefsteak for dinner, he could not afford to buy it. Or, if they went to Mrs. A's establishment,



they might have found that she was so rich, that her horrid little Fido was eating the beefsteak which Mr. Z. could not afford to buy.

It is quite true that there are many cases that what

many of us would consider to be foolish and silly wants do get fulfilled, and that what we think are strong and urgent wants do *not* get satisfied. But in spite of these there are vast numbers of ordinary sensible wants, or cheerful wants, or artistic wants, or kindly wants which *do* get satisfied too. Our system satisfies people's wants. If we do not approve of those wants, our job is to change people's wants, rather than to prohibit people from satisfying those wants.

How does this happen? How do so many people get what they want?

The answer at first is quite simple.

They go to the shops or the cinemas, or the buses or the seaside hotels and they buy what they want.

Where do they get the money with which to buy these things?

Either from what they earn, or from what they have saved, or from what people have given them.

But how do the things get into the shops, or the cinemas, and how do the buses get on to the roads, and how do people come to let rooms to visitors in sea-side hotels?

Many Jobs to Satisfy the Wants.

These things come about, of course, because people produce or make them. It is people's jobs to make things which they and other people want. When they work for their living, they go into some job, like furniture making. They are paid for the work they do. The furniture is sold to other people, and part of the money for the furniture is set aside to pay the wages for the man who makes it. With that money he can buy his food, his drink, his clothes and other things, that he wants. It is the job of other people to make this food and shelter and drink for him.

How Money Helps.

It is exactly the same as the way in which our seven

men lived on the island, except that, instead of exchanging fish for coconuts, *money* provides the means of buying different things to satisfy different people's different kinds of wants ; and money provides the payment for the jobs which produce the different things which satisfy those wants.

The Road.

There is a road, then, which links different people and their wants to the means of satisfying those wants.

Here is a simple view of this road :

Different People
have
Different Wants
satisfied by
People in Different Jobs
who make
Different Goods or Services
to fill
Those Wants.

We shall see later on that there are difficulties over which, or through which, the road at present must pass. We shall see also, however, that there are signs and guides, which help to keep the right goods on the road. If this method succeeds in helping the right goods to reach the right people, we can say that *we are economising the scarce time and scarce labour of our populated world.*

Summary.—In the populated world there is much greater variety of things which can satisfy people's wants than on a desert island. Wants differ very greatly, as regards each person from any other person,

except for a few simple things. People's powers of enjoyment are also very different from one another's. Nevertheless, a vast amount of these varying wants do get satisfied in our world. This is because people do the jobs which, in the end, produce things or services which satisfy other people's wants. This is made easier, because people work for money, and buy things with money. This is another difference in life in our populated world from life on an island. A system which brings the right goods and services to fill the wants of the right people, with the least waste of time and labour, will be the most economic system.

Written work.—Make a list of the dozen most important things which you want to have or which you have already got. Against each thing write down the name of the job or jobs needed to make that thing, *e.g.*,

<i>Wants.</i>	<i>Jobs to fill wants.</i>
Bicycle ..	Iron and Steel Manufacture. Rubber Plantation Work. Aluminium Manufacture. Hide Industry. Bolt and Nut Industry.

When you have finished your list compare it with that of someone else, so that you can have some idea of how like or unlike your wants may be.

CHAPTER 17

SIGN-POSTS TO GUIDE US

LET us see first what sign-posts are set up to guide the right kinds of goods and services along the Road of Production.

In the first place, how do men and women know what jobs are required to satisfy other people's wants ? It was not so easy for Crusoe alone on an island always to be sure whether he wanted coconuts or fish, and therefore to know whether to climb the coconut tree, or to set out fishing. It is obviously much more difficult for Mr. X to know whether to grow onions or carrots in his garden for Mr. Y, because he does not himself know whether Mr. Y prefers onions or carrots.

How can he find out ?

Prices.

The method which has slowly grown up in our populated world, where people work to satisfy the wants of others, is known as the *Price System*. Since people work for money, and buy goods or services with money, there has slowly developed a vast number of prices which act as indicators or sign-posts to tell people what sort of goods need to be produced. Now when you know what sort of goods are required, you have some idea of what sort of jobs are needed to make those goods.

For instance, let us suppose people are making ice-skates and tennis racquets. Ice-skates are sold for 35s., and tennis racquets for £2. Then perhaps people get tired of tennis and a craze for ice-rinks sets in.

People want to skate in summer as well as in winter. What goods need to be produced now? Obviously more skates and fewer tennis racquets. How are people who make these things to know this?

They are told this by *the movement in prices*. If people want more ice-skates than they used to, they will give more money to get them than previously. If people want less tennis racquets than they did, they will not offer so much money as before.

The price of skates will perhaps go up to 45s. a pair. The price of a tennis racquet may fall to 30s. only.

Now producers, people who make things, are always watching these prices. The prices are the *sign-posts* which tell them what to do.

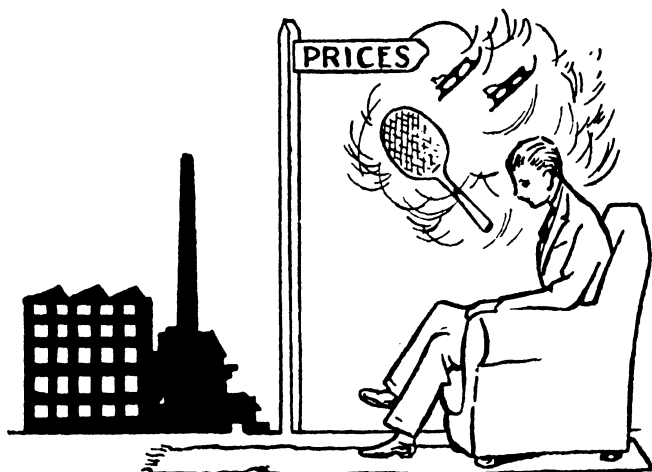
When they see that skates have gone up in price, and that tennis racquets have gone down in price, many of the tennis racquet makers will stop making racquets, and will begin to make skates instead. There will then be fewer tennis-racquet-production jobs, and more skate-production jobs.

Is not this what was required? People's wants changed from racquets to skates, and now people's jobs have changed, too, from racquet-making to skate-making. Along the Road of Production now are passed more skates and fewer racquets to fill people's changed wants.

We can set this sign-post, therefore, between people's wants and the goods made. (See illustration on page 147.)

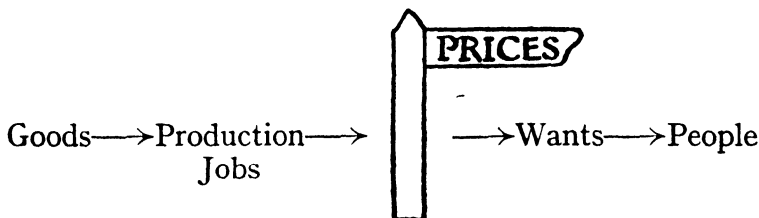
Movements of prices lead people into the right jobs, that is, into those which will turn out the things which other people most want to have. We see that the sign-post stands on the Road of Production in this way:—

Different People *have* Different Wants *shown by* Different Prices of Goods *which guide* People into Different Jobs *to make* Different Goods and Services to fill those Wants.

*Production of Goods.**People's Wants.*

PRICES DIRECT PRODUCTION

Or we can set it up, starting with the goods produced, like this :—



Goods follow the jobs producing them ; the jobs follow the price signs ; the price signs follow people's wants.

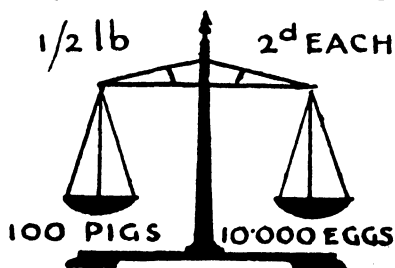
You must, of course, remember that the world of people wants a vast number of things besides tennis racquets and ice-skates. Everything that people want, however, has a price, unless there is so much of it, that we can all have all we want, without anyone having to bother to make it.

Since practically everything has a price, people who

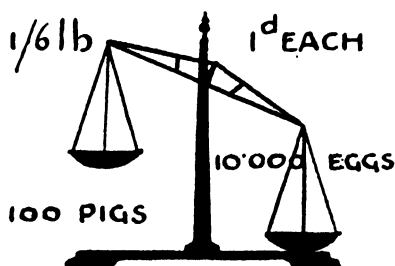
make things are constantly watching the *movements in prices* which tell them whether or not they should change the jobs which they are doing and make something else instead.

If other things keep the same, it is a movement of price *upwards*, which makes people produce *more* of those things, and a movement of price *downwards* which persuades people to make *less* of that thing.

Here is a picture of the prices of bacon and of eggs, and an imaginary idea of the numbers produced.



The two sides of the balance weigh just the same amount. Then if people want more bacon than eggs, up goes the price of bacon and down comes the price of eggs, thus :—

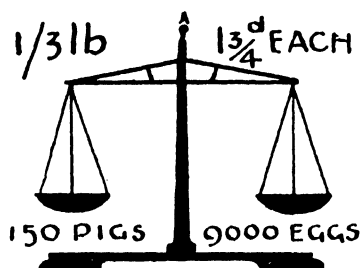


Producers will now hasten to put more pigs into the balance on the pig side, and less eggs in the balance on the egg side. This will bring down the pig side and bring up the egg side.

We do not know what the final prices will be, but we

can guess that they are almost certainly different from the original ones.

Perhaps they are like this :—



It is the movement in the prices of things which eventually guides people to the jobs they will undertake.

But exactly why do people change their jobs, if the prices of goods alter? You have seen that the prices show people's wants; but if I have a nice little poultry farm, why should I bother to stop collecting my eggs and go and buy some pigs and a sty, just because people's tastes have changed from boiled eggs to fried bacon? I may like looking after my hens much better than cleaning out the pig-sty. Why should I change my job, after all?

The answer to this question brings us to our second sign-post.

Profits.

People work only partly to enjoy themselves, and only partly to make things for themselves. *They work*, mostly, by making and selling other things to other people, *to earn money to buy other things for themselves.*

Now, if the price of bacon goes up, people who have pigs to sell will make more money—(if the cost of feeding and looking after the pigs remains the same as it was). If the price of eggs goes down, people who

have hens will make less money (if the cost of feeding and looking after the hens remains the same). Therefore, since people go into jobs to earn money, with which to buy things for themselves, they will get more money by giving up hens and going in for pigs ; and then they can buy more things for themselves, since they have more money ; or they can save the extra money.

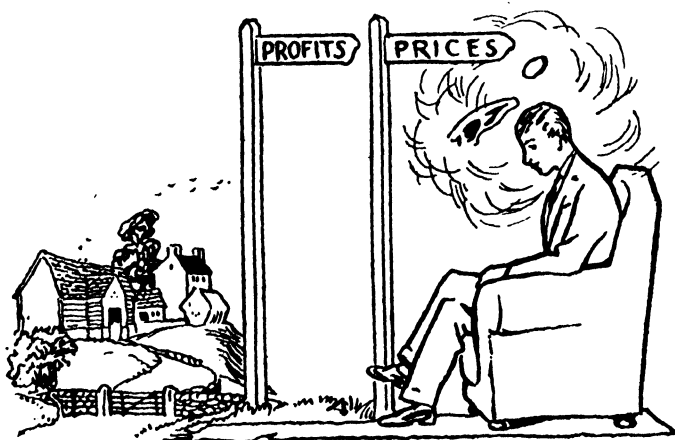
People will get, therefore, more money, if they take on the jobs shown by the price movements which follow after people's wants, than if they ignore those price movements. Since people work largely for money, this is another reason for getting the right jobs done, and the right goods put on the Road of Production.

The money which people might earn in this way by keeping pigs or poultry is often called their *Profits*. If the price of bacon goes up, we say that the Profits of pig owners have increased.

It is these Profits, then, which guide men and women into the jobs which provide for people's wants. We can set up Profits as another sign-post between wants and goods, thus :—

Production of Goods.

People's Wants.



WHAT PRICES AND PROFITS DO

The farmer decides whether to keep pigs or poultry according to his profits, which will depend on the movement of prices, brought about by people's wants.

We can see where the Profits sign-post can be set up along the Road of Production :—

Different People

have

Different Wants

shown by

Different Prices of Goods

which determine

The Profits

which guide

People into Different Jobs

to make

Different Goods and Services to fill those Wants.

You can see for yourselves where the new sign-post would stand along the Road of Production, if you start from the goods produced. It should not be very difficult to place it on the right spot.

There is one more sign-post which we can still put on the road.

Wages and Salaries.

Some of you may say: "How do the ordinary workers know what jobs to take up? They don't work for profits. They work for *wages and salaries*. The Profits sign-post can't be of any help to them."

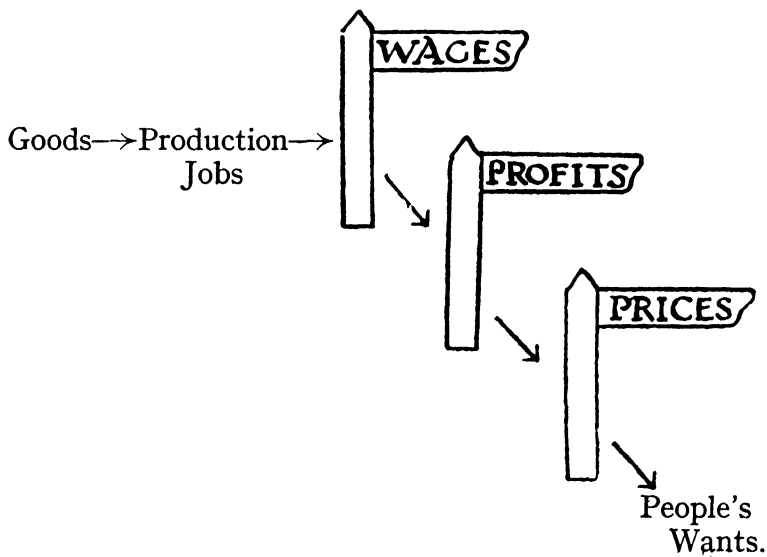
That is quite true. Most people do not own businesses of their own, whether farms or factories or shops. They work for other people who own them, or they work for the State, and they are paid Wages and Salaries for their trouble. These wages are usually fixed in some way before they take on the job.

Let us suppose that our skate-factory-owner finds that his profits are increasing since the price of skates has gone up. What will he do? We saw that he

would increase his output of skates. To do this, however, he must have *more workers*. Now people ordinarily do not want to change their job, except for some good reason. That reason may be (as we saw for the Profit earners) an increase in the money which they earn for their work.

Therefore, to get more workers for his factory, the factory owner must offer *higher wages* to attract them from some other job. This he can do, because he is himself earning higher Profits, so he can afford to pay out more in the form of higher wages to his workmen. It is really just the same thing as when people want bacon more than eggs ; they offer more money and give higher prices for bacon. If factory owners want more skate-makers than tennis-racquet-makers, they will offer more money and give higher wages to skate-makers.

Along the Road of Production, then, we can set up one more sign-post. Starting from the goods produced we see :—



Sometimes, as when a man employs no workmen, but does everything for himself, the wages sign-post is left out. Such cases are doctors, some actors or actresses, small farmers with their families, Punch and Judy showmen, one-man shopkeepers, gipsies and so on. Much more usually, however, some labour is employed at a wage or a salary.

These are not the only sign-posts which help to guide the right goods and services along to the right people, but they are perhaps the most important.

Economy in our Working Time.

If you think back to Crusoe on his island, you will see that the main problem is very much the same for him as it is for all of us in our populated world.

Crusoe had to consider how to divide up his scarce time in doing different things to satisfy his different wants.

We have so far just considered what indications or guides there are for showing us how to divide up the total *working part of our scarce time*, that part of our day which we all give to our jobs and for doing which we earn money. When we divide up *our working days*, as we can call them, so that the different jobs, which we perform, produce the goods which satisfy our own and other people's greatest wants, with the least expense of time and labour, we are economising our working days in the best way.

How we spend the other part of our scarce time, the leisure and rest part, is a problem which our own minds must settle for ourselves, just as Crusoe's mind did for himself on his island.

Summary.—Prices help to show what wants people have. This helps to tell other people what to produce, since they sell their goods for money prices and therefore get money to buy things to satisfy their own wants.

Prices of things will rise if people want those things more than they did. People who produce those things will make higher profits. Since people work for money (as well as for enjoyment), they will move to jobs where money profits are higher than before. Profits are earned by people who work on their own account, or who employ labour. If employers need more workers to work in their factories, they offer higher wages to attract these men and women to their jobs. When the working time of the total labour supply of our populated world produces the things which most satisfy people's wants, for the least expense of that time and labour, then that scarce labour is being best economised.

Written work.—Either :—(1) In the last ten years people have wanted wireless sets very much more than before that time. What signals have been set up on the Road of Production so that these wireless sets could be made to satisfy the wants of people ?

Or :—(2) In the last ten years people have wanted coal much less than formerly. What signals have been set up on the Road of Production to prevent unneeded coal being mined ? What effects has this had on the coal miners ?

CHAPTER 18

A BEND IN THE ROAD

You must bear in mind what was said in Chapter 16 about people only being able to buy things with money, and people working to earn money with which they can buy the things that they want. It is not a quite true statement. Some people get things by making them for themselves, as a gardener grows his vegetables, and some people work for love or for interest. But what we have said is very nearly true. Most of the things which we need, do have to be bought by us from someone else with money.

Now we saw in Chapter 17, that when people want things more than before, they offer more money for those things, and the prices of those goods will rise. Look back again at page 148, and see the price-balance of bacon and eggs. The effect of the higher price of one kind of goods is to encourage the greater production of those particular goods and the smaller production of something else.

We have now, however, to consider a very bad bend in our Road of Production.

Many people very often want more of some goods but they have not got the money with which to buy it. The want is there but not the money. Obviously, therefore, they cannot offer more money; and so the price of those goods cannot go up; therefore the signs cannot be sent down the road to encourage the production of the things which they want.

Now that might not matter, if everybody had equal wants, and had an equal amount of money to spend.

Because, if everyone thought wisely about how to spend what money they did possess, you would get just those prices that would cause the right goods to be produced, considering scarce labour-force and scarce goods to begin with.

Unequal Wants.

In the first place, however, *everybody has not got equal wants*. Some people "want" things very much more intensely than other people do. Their capacity for, and power of enjoyment is not only different from those of other people, but also actually greater. We cannot know this for certain, as there is no yard-measure or weighing scales by which we can compare people's wants or enjoyments. From ordinary observation, however, we can see that some people appear to have a greater power of enjoying the ordinary things of this life than other people have.

To get exactly the right goods produced and sent along the road to the right people, we should need to know what is the power of enjoyment of each person (*i.e.*, *how much* they really "want" things), and then, if Mr. A wanted things in general more than Mrs. B, then Mr. A should have more money to spend. It is much the same as saying that, if one child is more hungry than another, he should have more food given to him. In that way, Mr. A would have more influence on prices than Mrs. B, and there would be a greater possibility of having the things produced which he wants, than of having the things produced which Mrs. B wants.

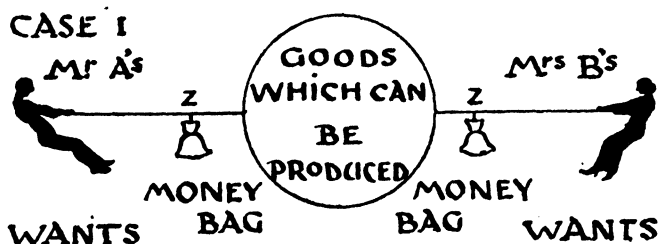
We cannot know, however, what powers of enjoyment people have when they are compared with one another. There is at present no means of measuring *how much* one person wants something against *how much* another person wants something. Think this over for yourself.

Unequal Spending-Power.

We must turn now to the second reason why prices are not properly influenced or controlled by people's wants. *This is because everybody has unequal amounts of money to spend, and we cannot say for certain that those amounts are in proportion to their wants.*

We have just seen that if Mr. A wants things more than Mrs. B, it seems reasonable that he should have more money than Mrs. B to spend. But if Mr. A wants things only just as much as Mrs. B, it is reasonable to suppose that they should have only just as much money to spend. Then they will both have the same amount of general influence on prices, and both will have the same amount of influence on getting the things produced which each wants.

Here is a diagram which shows what I mean :—



Mr. A and Mrs. B are trying to pull the goods to themselves which they want. The sizes of their figures show the sizes of their wants.

I have drawn Mr. A the same size as Mrs. B, *because they both want things as much as one another.* The two Z's represent their money-bags, which, in this case, are the same size, *because they also have equal amounts to spend.*

They are having a tug-of-war. They send their wants to their money-bags, and their money-bags pull at the goods which people can make, by influencing

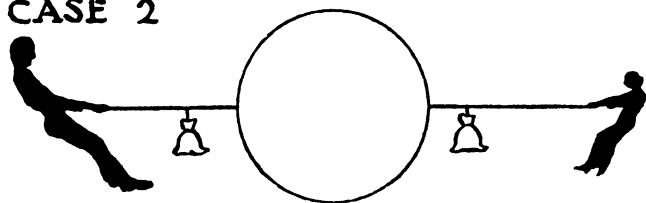
the prices and profits and production jobs which I have not shown, but which you will remember from Chapter 16.

It is the size of the money-bags which affects their power to influence prices, and therefore to pull the right goods to themselves, *i.e.*, *it is the money-bags really which are having the tug-of-war, and not the figures themselves.*

This was quite a fair tug-of-war, because wants and money-bags were equal in size on both sides.

However, if Mr. A wants things twice as much as Mrs. B, then I can draw him twice as large, thus :—

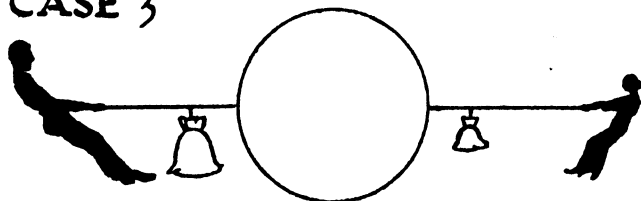
CASE 2



But since his money-bag is still the same size as Mrs. B's money-bag, Mr. A has no more chance of satisfying his greater wants than Mrs. B has. *This is not such a fair tug-of-war as the first case*, and we do not get such a desirable production of goods.

If Mr. A wants things more than Mrs. B, and has more money to spend than she has, then we have this state of affairs :—

CASE 3



Here, Mr. A's money-bag is larger than Mrs. B's, and so he has more chance of pulling the goods he wants to himself as compared with Mrs. B's chances. We can say that this is a "fairer" tug-of-war again than Case 2.

i.e., Unequal Incomes.

Now, when we consider the money which people can spend in our populated world, we notice at once how *enormously different are the sums of money which people possess*. Most people live on what is called their income (see page 10) ; that is, the amount of money which they receive during a certain length of time, a week, a month or a year.

These incomes are vastly different in size.

There are some very rich people and some very poor people ; and a great many "in-between" people, whose money incomes are still very different from one another's. You may consider £300 a year and £600 a year as both "in-between" incomes, but they are certainly very different from one another.

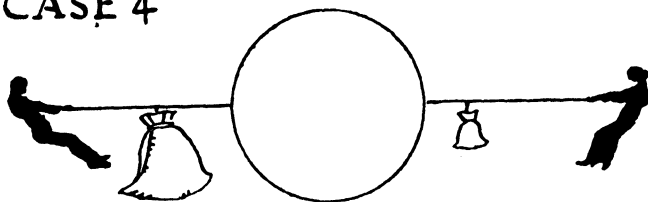
Accordingly, the money-bags in our tug-of-wars only show in a small degree the difference in size of the money incomes which actually exist.

We certainly have no reason to believe that people's wants are as different from one another as their real money-bags. It may be true that rich people really "want" or "need" things more than poor people ; though if I were a rich man, I should be ashamed to admit it. It may be true that poor people "want" things more than rich people. It is impossible to say for certain at present. Perhaps a day will come when we shall know these things, but it has not dawned yet.

What we can be pretty sure of is, that we cannot suppose that the size of the money-bags which people at present possess is in proportion to their wants in general, and that certainly nobody has yet proved that this is so.

We can see, then, a further possible condition for our tug-of-war :—

CASE 4



Mr. A and Mrs. B both have equal wants and are drawn, therefore, the same size ; but Mr. A's money-bag is far greater than Mrs. B's ; therefore Mr. A gets far more goods produced for his wants than Mrs. B can. Most people would agree that this is not good "economy." It means that Mr. A gets his large motor-car (perhaps a "small" want) before Mrs. B gets her gas-cooker in her kitchen (perhaps a "big" want).

You can think of other possible conditions of wants and money-bags for yourselves. Perhaps Mr. A's wants might be smaller than Mrs. B's, and yet his money-bag might be bigger. This would be even more unfair than Case 4.

Economy is Upset.

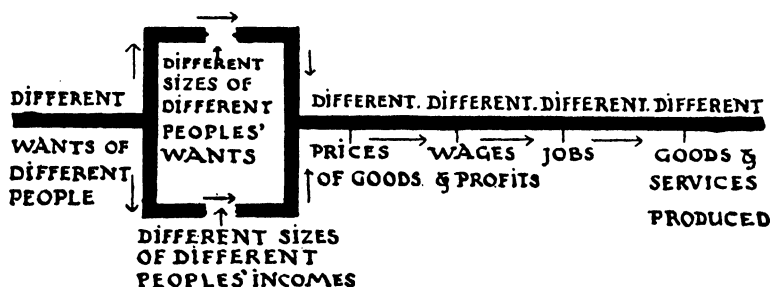
What will all this mean to our economy and scarce time and scarce labour ?

Will it not mean that because the size of people's incomes is not in proportion to the size of their wants, therefore the wrong kind of goods is then produced ? Unless the size of money-bags equals the size of wants, on both sides of the tug-of-war, goods may be made and sent along the Road of Production to people whose wants are much smaller than those of other people who have great wants, but have little money with which to satisfy them.

It is not unlike an invasion of Crusoe's island by a tribe of natives who forced our shipwrecked sailors to spend their time and labour in collecting bright-looking pebbles on the beach, instead of building huts and catching fish for themselves.

All this comes about because the wrong signals are put up on the Prices and Profits sign-posts. *These wrong signals are caused by prices following, not people's wants, but people's wants permitted by the money they can spend.*

We can see how this bend may misdirect goods along the Road of Production. Here is a plan of the Road showing these bends :—



We can explain the diagram in this way :—Different people have wants which cannot be compared with those of other people. These wants can only affect prices through the money which they possess to fill the wants. Only the wants allowed by the incomes will, therefore, pass along the Road of Production.

Equal Incomes.

Could we say that a more "economical" set of goods would be produced if everyone had equal incomes?

Unfortunately we cannot say this for certain. The reason, as explained on page 156, is that each person's

wants are of different sizes from those of any other person, and we cannot measure how different they may be. Equal incomes might give us a situation like that of the tug-of-war on page 158, Case 2.

Our system, in our populated world, is one which tries to satisfy the wants of different people in so far as they have the money to buy the things and services for those wants. We can say that people should have more equal incomes because we think that that would be more right or more just or more pleasant ; but we have no proof at present by which we can say for certain that it would be more "economical" of our scarce time or labour.

Although we cannot prove it, absolutely, we can say that we do not think that at present we *are* getting the most economical direction of our scarce time and labour, when we consider how very unequal incomes are. Hence there is a bend in the Road of Production. We cannot straighten the bend completely till we can measure the difference of people's feelings and wants.

Summary.—Waste of scarce time, labour and goods occurs because some people's desires for all goods are greater than other people's, and there is no method of measuring or knowing this. Consequently goods do not necessarily get passed to the people in proportion to their wants. Still more, since goods are bought with money and not with wants, the fact that people have unequal incomes makes it still more difficult to arrange that goods pass to people in proportion to their wants. We have no sure proof that more equal incomes would mean a more "economical" use of our world's scarce time and labour. If we decide to alter the size of people's incomes so as to make them more equal, it need not be because we think it more "economical" (we cannot tell this), but because we think it is more

desirable for some other reason, such as justice or "fair play."

Written work.—For what reasons, other than considerations of economy, would you consider it desirable or not desirable that every family should have an equal income?

CHAPTER 19

THE MOUNTAIN ON THE WAY

Jobs again.

There is yet another great difficulty along our Road.

If you look again at page 152, you will see that goods follow the jobs that produce them. The jobs either follow the Profits sign-post directly, or they follow the Wages sign-post which, in its turn, follows the Profits one. When higher wages are offered for some jobs, we saw that people turn into those jobs which offer them. If lower wages are offered, they leave those jobs and pass to the jobs which offer higher wages.

What we should have said, to be more accurate, was : If higher wages are offered for jobs, people turn into those jobs, *if they can*.

What does it mean to our Economy of Production, if they can *not* do so ?

It means that the wants, which people have, cannot be filled by the goods which will fill those wants.

Why ?

Because we cannot get workers to produce or to make those goods. The right signs may be sent all along our Road, right up to the Wages sign-post. On this post we hoist the sign asking for more workers to fill our wants : *i.e.*, the sign of higher wages.

Perhaps a crowd of workers comes up to look at the sign-post. They see that they can earn higher wages, if they can take the job. That would bring them in a higher income, with which they could buy more goods and services to satisfy their own wants. They would be doing both themselves and the other people a good

service, if they do the work required. *But they cannot take the job.* Therefore a break occurs in our Road of Production. Our wants cannot, therefore, all be filled.

Can he Take the Job ?

In order to be able to take a job which offers a higher wage or a higher profit, a man must, of course, *be able to do the work.* Not only must he have the will to do it, but he must have either the brains or the physical strength or some other quality which enables him to do it.

Now when the workers come up to the Wages or Profits sign-post, they may perhaps see a very high wage offered for aeroplane flights to Australia, or for first-class cinema actresses. Very few people, however, have the nerve, skill and judgment to make a super long-distance aeroplane navigator ; and very few have the particular qualities which make a successful film actress. Consequently the workers have to turn away and go on with their old jobs, at the old lower wages, and the people's wants for aeroplane flights to Australia or for some kinds of film acting go very largely unsatisfied. "Very largely"—not entirely—because there are a few people who can do those jobs, but not enough by a very long way, to fill the public's wants. As there are so few of these people, a very big notice must be put on the sign-post, in the form of a *very big* wage, in order to attract their attention ; otherwise some other aeroplane company or film company would secure their work instead.

Capacity.

Clearly, then, in order that jobs can respond to wages or "profits" signals, people must have the *capacity* to take the job. *Having the capacity means having the power to take a job.*

The capacities which are needed to help people to take different jobs are shown on page 167 by a plan of a mountain.

The higher you climb this mountain, the greater the capacities or powers which you will need. The higher you climb, the greater will be the wage which you will earn.

What capacities or powers are required to climb this mountain?

If it were a real mountain, you would need a good physique, a firm nerve, and a quick brain.

These are all qualities which will help anyone to climb the Mountain of Capacity, as we may call it. There are, however, other requirements as well, which you may discover by studying the mountain.

On the left side of the mountain, at different levels, are written those capacities which will help anyone to climb up the mountain to that level.

On the right side of the mountain is shown whether high or low or medium earnings can be got for the kind of capacities shown on the left side.

On the mountain itself is shown the number of jobs which can be filled at different stages and which correspond to the kinds of capacities required.

We can think of many people starting at E. Their object is to arrive at A, which is at the top of the mountain, where they will earn the highest wage. But very few people have the necessary capacities, so that many people do not get farther than D. Some reach C, and a few reach B. But only a very tiny number ever reach A.

Also, it is sad to say, many people drop below E, and a few even sink into the bog at F. At E people can only earn just enough to keep them alive—at subsistence-level (see Chapter 2 again). At F, the bog, they slowly and despairingly die.

If you read on the left side of the mountain the list

THE MOUNTAIN OF CAPACITY

YOU MUST HAVE SOME AT LEAST OF THESE CAPACITIES TO ARRIVE HERE →

GREAT GIFTS· EXCELLENT BRAINS, HARDWORK, GREAT OPPORTUNITIES.

GOOD GIFTS. GOOD BRAINS → HARD WORK, GOOD OPPORTUNITIES, GOOD LUCK.

FAIR GIFTS, FAIR BRAINS, HARD WORK, FAIR OPPORTUNITIES, FAIR LUCK. →

ORDINARY GIFTS, ORDINARY OPPORTUNITIES, HARD WORK, ORDINARY BRAINS →

POOR OPPORTUNITIES, POOR GIFTS, NO LUCK, POOR WORK.

HERE PEOPLE START

SUBSISTENCE LEVEL OF EARNINGS.

TO ARRIVE HERE YOU MUST SUFFER FROM EITHER:-
ILL HEALTH· LAZINESS.
NO OPPORTUNITIES.
DISHONESTY·
ILL LUCK·
BAD JUDGMENT·

VERY HIGH EARNINGS

ONLY VERY FEW JOBS CAN BE FILLED HERE

HIGH EARNINGS

NOT MANY JOBS CAN BE FILLED HERE

MEDIUM EARNINGS

QUITE A LOT OF JOBS CAN BE FILLED HERE

ORDINARY EARNINGS

A GREAT MANY JOBS ARE FILLED HERE

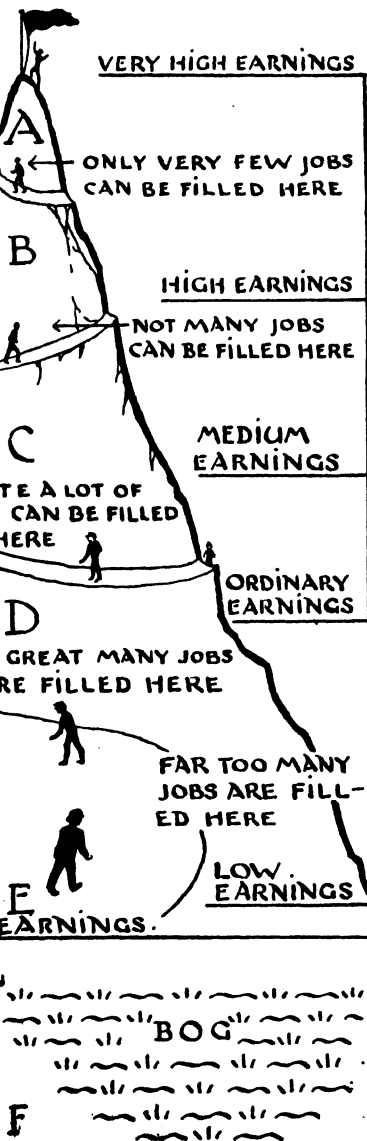
FAR TOO MANY JOBS ARE FILLED HERE

LOW EARNINGS

↑
LEVEL OF EARNINGS
↓

F

BOG



of capacities required for men to reach each level of the mountain, they should be fairly clear.

Personal Gifts.

Good brains, good personal gifts (such as a strong body, a courageous spirit or a sense of humour) and hard work are qualities which everyone can understand.

Without intelligence, health, courage and industry, it is impossible to win success in a job, though a man of ordinary powers can become a clerk, a secretary, a shop assistant or a labourer. Without *any* of these powers, a man would probably drop to subsistence-level earnings, at the bottom of the mountain, or even fall into the bog below it.

Opportunity.

What is meant by *opportunity*?

Great opportunity, as you will see, helps us to reach the top of the mountain, and thus to take the jobs which offer the highest earnings.

Opportunity means the chance you may possess of securing good education, or good training, of meeting influential friends who will recommend you for jobs, or of waiting till the one job which you want turns up.

People very often do not differ so very much in the strength of their bodies, or in the cleverness of their minds. But they differ a great deal in the chances which they have of *developing* these powers. Clever boys of poor parents do not get the same chance of learning to use their minds and bodies which clever boys of rich parents possess. Often, they cannot go to school for as long, even though the State does a lot to help them with free education and with scholarships. Their opportunities, therefore, differ. Some are greater than others. A boy who must earn a living at

14 and who can only study at night is obviously not so well fitted to take a job requiring learning later in life, as a boy who can stay at school till 19.

A girl who, while still at school, has to spend her evenings and week-ends in helping her mother to cook and to wash, and to mind her younger brothers and sisters, has not the same opportunity to do well at school as a girl who can spend all her free time in games, fresh air, extra study or in good fun. Consequently, when she grows up, she will be less fitted to take a good job—not because she may not be so clever originally, but *because she has not had the opportunity to develop her cleverness*. She may have to become a cook, instead of a lady-doctor. What she can earn as a cook is much less than what she might have earned as a lady-doctor. She cannot climb so far up the Mountain of Capacity as others, because of her lack of opportunity.

Furthermore, *what the public may have wanted were perhaps the services of lady-doctors, rather than those of cooks*. They showed this by putting up the signal of higher prices or higher wages for lady-doctors than for cooks. But as there were not enough girls who had both the brains and the opportunity to become lady-doctors, the jobs could not properly be filled. Consequently, the signal was not taken off the sign-post, and the wages or earnings offered for lady-doctors remained high. Those few who could become doctors received these high earnings. If our girl who became a cook had had the right opportunity (let us suppose she was clever and hard-working also), she could have become a doctor, too, and the public's wants would have been better satisfied by her doing so.

There is another difference in opportunity, caused by the possession of different amounts of money.

If two boys grow up more or less equal in brains, body, capacity for hard work and in education and

training too, it may still be easier for one boy, who has more money than the other, to climb higher up the Mountain. His money will prove an extra capacity. For instance, the money may enable him to travel about the world and to visit different countries or different cities, until he finds just the very post for which he is fitted. Or, his money may bring him more into touch with people who are also rich and who, being rich, often have the power to give jobs to people. These people, knowing him, are more likely to give it to him than to the other lad, who is not known to them.

Or again, one boy, having money and having finished his training, need not take the first job that offers itself. He can wait and look about until a really good one turns up. The other boy, with just as good personal qualities, but having no money, must take the first job, in order to earn a living or to help his relations at once. He may, if he is lucky, see the better job when it is advertised, apply for it, and get it, but he is very likely not to notice it, having just started work himself. Or he may think, having already started, that he had better not risk making a change.

In all these ways, opportunity causes a great difference in people's capacity to take the jobs for which they may be suited.

Luck.

Lastly, there is *Luck*. What is good luck—or bad luck? Frankly I do not know. Does it really exist? I think so, but I have never quite made up my mind. I rather believe, however, that some people do manage, through no *apparent* effort on their part, always to be on the right spot at the right moment. They are the men or women who catch the manager's eye when he is in a good mood, and when he is vaguely looking for someone to manage a new department. The unlucky ones are those who catch a heavy cold just before an

important interview, or during an important examination, and who feel heavy and stupid, therefore, instead of bright and intelligent.

Wasted Labour . . .

What is the result of this inequality of opportunity to take jobs ?

Actually *it prevents people from entering those jobs for which they are most fitted*. The man who could have been a splendid architect now has to become a gas-plumber. His real services are lost in our populated world, because his work as an architect was more required by the world than his work as a gas-plumber. That is because an architect's work requires more unusual powers of mind and artistic judgment and observation than a gas-plumber's, and so *there are fewer people who have those powers*.

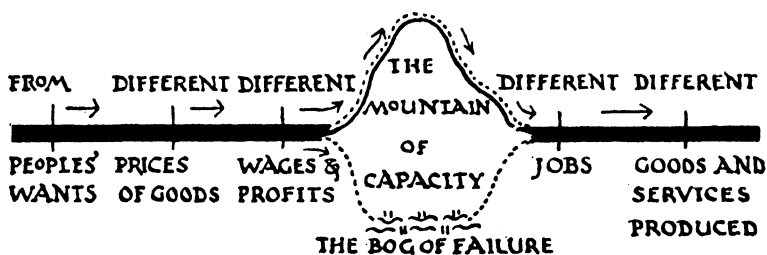
If you think back to the picture on page 119, on the desert island, you will see that each man was placed finally on the job for which he was best suited. Supposing, however, that Ted (who was the carpenter) had been very poor, and had not been able to undergo the expense of apprenticeship to learn his trade, he might have become just a newspaper boy, then an errand boy, and finally an ordinary labourer. His skill as a carpenter would have been lost to the world, and our island would have suffered by not having its huts well built. We can say, then, that that would have been a worse division of labour. The carpenter would have become a labourer ; *his real gifts, his best labour, would have been wasted*.

A good Division of Labour not only puts people already trained in the jobs for which they are best fitted, but it sees that everyone gets the right training and the right opportunity to do the job which suits them best. We have seen that this is often not the case in our world,

A good division of scarce labour must give equal opportunities to all men and women, so that each one's special gifts can be set to work on the right jobs.

. . . causes Unsatisfied Wants.

Below, you will see once again *a part of* our Road of Production. I have not put it all in, as it is getting so long. You can make a complete one for yourself. The Road now has to pass over the Mountain of Capacity. Only those wants can be filled which



can meet people on the other side able to do the jobs for them. And only those people can do the jobs to fill those wants, who have the capacity to climb some part of the way up the Mountain. Some wants, like coal and cleaning, cooking and digging, find many people more or less capable of meeting the occasion. Other wants, like operatic singers, great business organisers, or managers of railways, find very few people able to fulfil them. Therefore, most of the coal wants are filled, *but not many of the business-organising wants,*

The problem for our world is to find the right person to do the right job, and then to give him as good a chance as anyone else of doing it.

Summary.—The satisfaction of wants in the most economical way is hindered by the lack of power of individuals to take jobs which will make goods or services to satisfy people's wants. This may be due to lack of capacity or power to do a job. The capacity to take a job will be given by good personal gifts, hard work, good opportunities and good luck. It is very seldom that anyone has all these qualities at the same time. As such people are very scarce, they get a very high wage paid them for their work. Differences in opportunity occur owing to differences in education and training when young, due to families having unequal incomes. Hence, gifted individuals often have to undertake poor work. This actually leads to an uneconomic division of our scarce labour.

Written work.—Can you suggest any ways in which you think people might be given more equal opportunities of training for jobs, than they have at present ?

CHAPTER 20

THE RULES OF THE ROAD

So far, we have seen that the purpose of the Road of Production in our populated world is to link up people's wants with the goods and services, which satisfy these wants.

The object of economy is to use as little as possible of people's scarce time, labour and goods in satisfying the wants. We must, therefore, avoid waste. But, in order to keep the goods and services moving easily along the Road towards the wants, however, we must have certain Rules of the Road.

On the desert island, Crusoe and his fellow-men discovered that they must make certain agreements in order to economise their time and labour and goods more satisfactorily (Chapter 15). They decided to make certain goods the private property of certain people; to share certain kinds of work and goods among themselves; to uphold agreements once made between one another; and to hold general meetings for discussion, for making rules, and, if necessary, for meting out punishment to offenders. By doing these things they avoided many kinds of wasteful actions and behaviour.

In our populated world, we make exactly the same kind of arrangements.

Private Individual Property—

In the first place, we live, in England, in such a way that any single person is permitted to have certain

things for himself, and nobody else may take, use or harm those things. This is called owning Private Individual Property. It is possible to own anything from a castle to a mouse-trap. Some people own a vast amount of things, and some only own the clothes in which they stand. No one else, however, may interfere in any way with anything that is "owned" by another person.

In this way, *many wasteful deeds are prevented*, since people are enabled to use their property in the way that suits them best. In other words, they can use their property in the way that satisfies their wants most satisfactorily.

This can be seen in a number of ways.

Safeguards the Future,

If a man were to grow a sackful of potatoes, and any other man, who desired, could take those potatoes away from him, nobody, in the end, would take the trouble to lay up a store of things. *People's wants for the future would not then be satisfied* (see Chapters 3 and 12). Nearly everything made or grown would be consumed on the spot lest anyone else should take it away from the grower or maker of the thing.

Avoids Waste,

Very likely it would be even worse than this. For instance, you might be growing some tomatoes in a frame. Just when they were ripe, you might decide that you would pick them for the next day's dinner. But in the night, if you had no rights over your own property, someone else, with an eye on your tomatoes, might come and take them for himself. The next time when you grew them, you would probably pick those tomatoes *just before they were ripe* in order to make sure of getting them. Other people would, no doubt, cut their cauliflowers before they were fully

grown. Farmers might get in their harvest before the corn was quite ready. Everybody would have to eat lamb and veal, because it would be unsafe to keep your animals until they were old enough to be mutton or beef. Someone else might take them then instead of yourself. In this way much waste would occur, since we do not want unripe tomatoes, or ungrown cauliflowers, and we cannot afford all lamb and veal.

and helps Production.

In fact, after a time, it is difficult to see how productive work could go on without private property of some kind, since it would discourage people from making anything more than they could use immediately, since they would fear that it might be taken away from them as soon as it was made.

We saw that Ted was faced with this problem on the island, when people used his sawn-up timber lengths for fuel, without asking his permission. He said that if it went on, he would not cut any more lengths at all. (See Chapter 15.)

Everybody's Property.

Consequently, in our world, we allow people *to own property*. Some property, however, is owned not by individuals but by everybody together. We usually say then that *the State or the Town or the Village owns the property*. This is quite different from the state of affairs in which nobody owns it. Nobody "owns" the sea (because there is so much of it), and anyone can get a bucketful of water from the sea for himself if he wishes. Everybody in England "owns" the roads, but that does not mean that you can dig up a lump of pavement and use it for your garden rockery. When the State or the Town "own" anything *they arrange special rules for the use of that thing*, and they pay special

men or women to see that those rules are carried out. We shall consider this again.

In the meantime, we can think of Private Property, whether owned by one individual or by many persons together, as being a method of controlling production and life, in order to assist us to avoid waste and to help us to economise more fully.

Private property is like a Policeman who shows the traffic (our work and labour) which way to pass along the road. The Policeman prevents the traffic from straying about in the wrong way, and blocking the most economic satisfaction of our wants.

Grouping Ourselves Together.

We can next consider *the arrangements, in our populated world, by which we agree to do certain things in common together.*

For this we combine together in certain *groups*, or bodies of people. The most important of these, perhaps, is called the State. There are, nevertheless, many other kinds of groups of people such as the Town or Borough, the County, and the Village or Parish. Sometimes they may be groups of workers called Trade Unions ; or groups of Employers called Federations ; or groups of religious-minded people called a Church. You may be able to think of other kinds of groups of people as well.

These groups are not formed with the idea of assisting economy necessarily, but they all play some part in so doing.

The State.

Let us consider the group called the State, so that we can understand better how this economy is helped on by the groups.

If you look back at Chapter 15, you will remember that when Robinson Crusoe and his friends wanted

to make rules among themselves, they all met together to discuss matters, so that they could all come to a common agreement.

In Great Britain, there are roughly about 46 million inhabitants, so it is impossible for everyone to meet together in order to talk things over.

Government by the People.

Therefore people in different small districts arrange to appoint one man or woman to *represent* the general point of view or opinion of the people of their district. Every few years they *vote* for this person, and the one who is chosen by the *greatest number of votes* is sent to London to the *House of Commons*, to meet the other representatives from other districts. These people are called *Members of Parliament*. All the Members of Parliament can then meet in one large hall to discuss the things which ought to be done. They put forward the opinions of the people who have chosen them, and they arrange how the land is to be governed.

This is called a *Democratic System of Government*, because it depends in the first place on the will of the people who vote for the Members of Parliament. The State is controlled by the Government, which is itself controlled by the people of the land. When the State makes a law or a regulation, it is, in the long run, the majority of the people who are making that law or decision through their representatives.

How does this group called the State help people to live and to work more economically in our world than they could without the State?

There are many ways in which this comes about.

The State Protects Private Property.

Firstly, just as the men decided on the island (see Chapter 15) the State arranges what measures must be taken to *protect individuals' private property*, and

what *punishments* must be given to those people who break the laws or regulations concerning private property.

In other words *the State upholds laws and keeps order*, so that people can work in peace, and can own their property without wrong interference from others. To do this it employs the *Police* to prevent or to catch offenders ; it sets up *Courts of Law* to judge accused people and it arranges for *juries* to decide whether the accused are guilty or innocent.

Owens Property,

Secondly, *the State owns property itself, and it performs many jobs* which otherwise would not be done, or would not be done sufficiently well by individuals working for profit.

We saw that when the men on the island wanted their fresh water stream to flow past their huts, they all went together to help in digging the ground. This was because it would have been too big a job for one person to have done by himself, and because they were all going to benefit by the result of their work. When the work was finished, therefore, it " belonged " to them all.

If you consider the world in which you live, there are a great many things which have been made by the State.

This does not mean that all the 46,000,000 inhabitants have helped to make them. It means that these things have been *made by people paid by the State*. The money to pay these people, however, comes from *taxes*, which in some form or other are paid by nearly everyone in the State. Therefore we can say that the things are made by the State in the sense that the State pays for them.

This property owned by the State includes such things as bridges, roads, museums, post offices, the electric " grid " system, London's transport and schools. There

are a great many other things so owned, and you could give yourself five minutes or so to write down as many more things owned by the State as you can think of in that time.

Not only does the State own and make this property, but it also carries on many kinds of work.

and Carries Out Jobs,

It may do the kinds of *jobs which are of so great importance* that they cannot be left safely to individuals to perform them, lest the jobs are not properly carried out.

Examples of this kind of work are :—

- The preservation of order.
- The defence of the country.
- The care of the roads.
- The care of the water system.
- The care of the drains.
- Post office work.
- Education of children.
- General health work.

If all these things were not properly carried on you can imagine the confusion and difficulties that would arise.

in a More Economical Way than Individuals.

Sometimes, *the State performs jobs which can only be run economically if they are controlled from one centre.* It was found that the traffic in London was becoming so great that it was easier to avoid muddle and traffic blocks, and, consequently, loss of time and labour, if one central body controlled it all. Before then, separate companies had worked buses, or trams, or different sections of the Underground Railways. Once a central body was formed, called London Transport,

the State felt that its power over London's traffic, and therefore over the people of London who use that traffic, was so great that no single person or company should be allowed to own or to work that transport. Therefore the State decided that everybody should own it, and so London's transport became *State Property*.

You will remember that on the island the fish-pond was made Jack's property, and the coconut trees were given to Bill so that they could look after the property. In this way they were able to see that the goods were not wastefully used. In the discussion on this, some of the men suggested that Jack might use the pond wastefully in his own interests.

Should the State Own More Property still?

Many people to-day think that the State should own more property than it actually does. They say that some forms of property are not used in the most economical way by the people who own them, when the State as a whole is considered. That is, just as you could not allow people to own the roads, and to close them if they wanted, so people should not be allowed to own coal-mines and work them wastefully so that the coal is made unnecessarily difficult to get in the future. Or again, they say that private people should not own land, since it is so necessary for the general well-being of everybody. Therefore, these people suggest that the State should own more property than it does, so that it can protect everyone against waste which may occur by private individuals owning it.

At the beginning of this chapter, we saw that private individual property *as a whole* does prevent waste. We must, however, admit that in some case State Ownership of Property may avoid waste more fully than individual ownership. It is a very difficult question to decide just where private ownership of property becomes harmful, but it is a problem which is

causing much thought in all countries of the world to-day. *When people suggest the Nationalisation of the Railways, or of the Coal-mines, they are advising that the railways or the coal-mines should be owned by everyone together, instead of by individuals or small groups of individuals.*

There is another important work carried out by the State besides protecting property, owning property and carrying out jobs.

The State Protects Agreements.

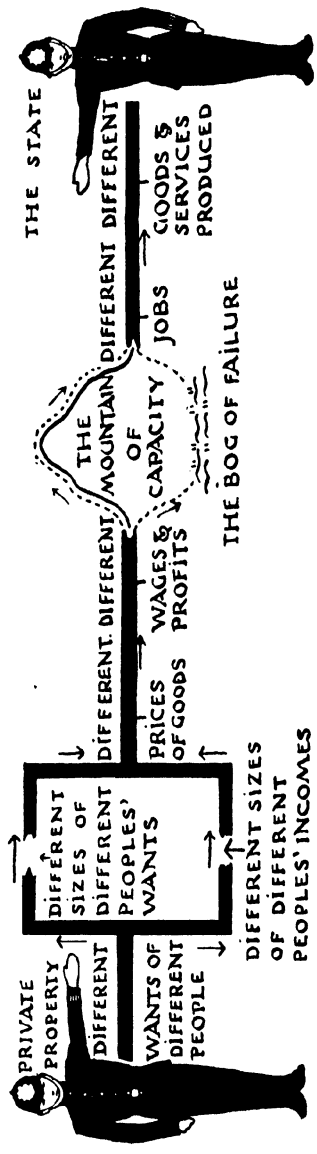
The State also must see *that agreements made between individuals are carried out.* This was the point which Fred raised on the island (see Chapter 15).

For instance, what is to be done about people who agree to give a certain sum of money for a certain piece of work or for a certain amount of goods, and who afterwards refuse to pay up ?

When a greengrocer arranges to buy a dozen baskets of strawberries, he naturally does not pay for them until they are delivered. In order to make sure of getting the strawberries, he may give an order to the farmer some three months or more before they are ripe. What can the farmer do if, after he has sent the strawberries, the greengrocer refuses to pay him for them ?

The arrangement, in our world to-day, is that when two men are making an agreement about buying or selling anything, whether goods or labour, they should write on paper the terms of the agreement, and then sign it with their names. This is known as a *Contract*. If either of them breaks the agreement, the other can take the contract to a Court of Law, and ask the *Judge* to insist that it is properly carried out. If the case is proved in his favour, the Judge will make an order that the offender must give up enough of his money to make the contract good.

What has this to do with Economy ?



Contracts Give Confidence and Security to Work.

Goods are made by people and exchanged with those made by other people in order to satisfy wants with the best division of scarce labour. This gives us the best economy of our scarce labour (see Chapter 14). But goods can only be made in this way, and exchanged in this fashion, *if people have faith, and feel security that their agreements together will be honestly carried out.*

If a man agrees to make a pair of shoes in exchange for 100 cabbages, and then only is given 60 cabbages for his pair of shoes, he will not work and exchange his goods with that man again. If it happened many times, he would prefer instead to make his own shoes and to grow only just enough cabbages for himself. If this took place, eventually there would no longer be any division of labour, and much skill and effort would be wasted. (See Chapter 13.)

Consequently, since men know that their contracts can and will be upheld in the Law Courts, by the State, confidence and faith exist among them to carry on their work, to make agreements together and to divide their labour in the most economic way among themselves.

The State, therefore, acts as a second policeman along the Road of Production. It is the State who makes it possible for private property to exist. You can, therefore, think of the State as a police inspector and of private property as an ordinary constable.

Summary.—In order that the satisfaction of wants should proceed easily along the Road of Production, it is necessary that certain Rules of the Road should be laid down and kept. There are two chief traffic controllers along the road, who act as Policemen to see that these rules are not broken. The first is Private Individual Property, which prevents waste of labour and goods, encourages production of goods and services to satisfy

our wants, and helps to safeguard our future wants. The second is the State, which protects private property, enforces law and order, owns property which everyone needs but which cannot be allowed to belong to individuals, carries out jobs which are too difficult or too important to allow individuals to do, or which can be done more economically (*i.e.*, with less time, labour and goods) by one authority than by a number of smaller ones. Lastly the State insists on contracts or agreements being carried out, and so it gives confidence and security to people, without which they would be unwilling to work together.

Written work.—Either :—(1) Make a list of :—
 (a) Any property owned by the National Government or by the Local Government in your neighbourhood.
 (b) Any jobs paid by the National Government or the Local Government in your neighbourhood.

Or :—(2) Write an imaginary account of what happened as a result of *one* of the following situations :—

- (a) The Government sent all its police on a week's holiday.
- (b) The Government closed its schools for seven years.
- (c) The Government sold its roads and bridges to a private company.
- (d) The Government decided not to employ any dustmen or road sweepers.
- (e) The Government refused to enforce any contracts in its Courts of Law.

CHAPTER 21

THE "ROAD" BECOMES A "RAILROAD"

WE have now nearly finished our enquiry as to how our populated world economises in producing things to satisfy people's wants (see Chapter 16).

Saving Again.

Just when our council of rescued mariners thought they had set down as many points as they could suggest, one of them said :—

"On our island, we used to make a store, and it helped us in a good many ways, to produce things. How about this store in our populated world? Who makes it, and how does it help everybody?"

This question raised a good deal more discussion, till, finally, they all arrived at something like these general conclusions on the matter.

Making a store, they remembered, was really the same as providing for the future in some way (see page 100). This had been called saving, and could either come about by working definitely to make something which would be "stored-up," or by not consuming (not spending) what they had already got.

The results of saving (see Chapter 12) were :—

1. It made their future more secure.
2. It saved time and trouble in making or doing things later on.
3. They could make new and different things by means of the store.
4. They could make useful tools. These tools in

their turn helped to save time, to save trouble, to give them more than before, and to give them new things.

As their time and labour and things were limited on the island, they had to weigh up, in their minds, how much they wanted to have now, and how much they wanted in the future. Then they had to economise that time and labour and those things, between using them for now and using them for the future. That is, they had to use them in the way which satisfied their wants during a period of time most fully.

Saving by People.

First of all, then, how does our populated world "save" at all?

Just as happened on the island, part of the work, which people do, is done not to give them things or money now, but to give them things or money in the future. Also part of the things or money which people already have is not spent, but is set aside, so that they can have it later on.

Who does this saving?

First of all, it is done by *ordinary everyday people* like ourselves. They set aside part of their incomes (see page 22). They do this in many ways. They can do it by putting their money into the *Post Office Savings Banks*, who look after it for them, or by putting it into *Banks*, who sometimes give them something for it, and in their turn lend it over to other people who want money now; or by buying *Shares* in companies who pay them what is called *interest* or dividends for the loan. When individuals save, it means they have less now to spend; but they will have more to spend in the future.

Saving by Companies.

Secondly, saving is done by groups or bodies of people. Such bodies are often called *Companies*.

Perhaps they may be railway companies. Every day the companies are paid money by people who use their trains. The companies use some of this money to *keep up* their lines in good order ; to *replace* machinery or trains which are wearing out ; or to make new and faster trains or to electrify old steam lines. When the companies do this, they are *saving* ; they are providing for the future of their railways. If they did not save, their trains later on would run more slowly or have more accidents.

Saving by the State.

Thirdly, saving is carried out by a great group of all people together, whom we call the State or the Government or the Local Authority. The State raises money by *taxing* people. A part of the people's money is taxed or taken *now* by the State, who use it to make things which will be useful for everyone, or nearly everyone, *later on*. Such things may be schools, or roads, or harbours, or bridges. It means that people have less money to spend now (because some is taken away now by the tax), but they or their children will later on be able to enjoy the better education, the easier traffic, or the better communications which the State will provide.

How Saving Helps.

In what ways does this saving help our populated world?

Firstly, it makes our life in the future more secure. If we had no great warehouses filled with food and raw materials, a sudden drought or a foreign war might cut off our supplies of those goods ; and we might starve before we could find a new source from which to get them.

Secondly, just as on our desert island, the saving helps us to have *new and different things*. Because a certain amount of food and goods (or, in our world, the money to buy those things) is set aside and not eaten

up or spent, it can be used to keep people specially for inventing things (just as Crusoe was kept by his friends, see page 124). Companies or Governments often pay scientists and discoverers to invent new and better ways of doing or making things. Museums and hospitals and town councils pay learned men to make experiments for them. Sometimes people save up money for themselves, and spend it in trying to discover things just for the joy of discovery.

The money spent by companies, or hospitals, or individuals, or by any other person or institution, on *invention*, means they have less to spend on other things now, but they feel it is worth while taking the risk, since the new invention may be something of great value for the present.

Among such new and different things as have resulted from this saving are, of course, aeroplanes, anæsthetics, sewing machines, wireless broadcasting, cinemas and telephones. In fact, if you look round your homes, there is really nothing which is not the result of saving and invention on somebody's part, either recently or thousands of years ago.

Thirdly, saving gives us not only things to enjoy in the future, but things to work with in the future. *Useful tools and machines*. Many new things made we enjoy directly, like broadcasting. But many new things we do not exactly enjoy in this way, as, for instance, an electric magneto. But an electric magneto helps us to do things, and to produce things more easily than before. A machine for spinning cotton or woollen yarn ; or for printing newspapers ; or for breaking up roads, will save us time or trouble or will give us a great deal more of what we had before.

Economy in Saving again.

Now, if our families saved every penny of their incomes now, and lived at a bare subsistence-level, in

order to enjoy their money at some date in the future, our health and powers of enjoyment, and that of our children might be so injured, that neither we nor our children might get any satisfaction out of the saved money, even in the future. Too much saving would have been carried out, and this saving would be wasted in its real purpose.

If the State decides to build too many bridges, or schools, or to clean up too many harbours or rivers, they will have to take a very great deal from people's incomes now in taxes. So much, in fact, that people will have very little to spend now. Then they may feel that their enjoyment of these schools, rivers and docks later on will not really be worth their having so little to spend in the present. The State has saved too much.

If companies spend too much money now, on setting up new machines, new factories, or new railway lines, people will get tired of waiting till these machines and factories turn out goods which they can enjoy, and they may finally refuse to buy these machines and factories, and spend their money on things to eat and drink and wear instead. Then the machines and factories, which the companies have made, lie idle and unwanted. This is again because too much saving has been done, and the results of it are wasted.

On the other hand, if everybody spent all their income now, old age will come and find them penniless ; if the State makes no provision for the future, new children will be born who will have no schools to which to go. If companies make no provision for the future, railway lines will wear out, and become dangerous, and factories will fall down through lack of repair.

Just as Crusoe and his mates had to strike a right balance between spending in the present and saving (which is really spending in the future), so we in our populated world must do the same. *It is our wants, our needs, our desire for things now ; and our wants*

and needs and desires for things in the future, which tell us how much spending to do now, and how much saving to do now.

Like Crusoe, then, once having decided how much spending and how much saving we think we want, we must economise our scarce time and labour and money, so that we do not spend too much now and have too little later on, and do not spend too little now and have more than we can properly enjoy later on. That is, as we have seen, we must economise our scarce time, labour or money *during* time.

Quicker Satisfaction of our Wants.

Lastly, how does this saving affect our Road of Production?

Actually it does something which seems to change the road into a railway line.

The railway line helps to join up people's wants to the goods which satisfy those wants vastly more quickly than the old road did.

Just as railways in real life increase the speed with which people or goods can pass from one place to another, so inventions, useful tools and factories, which result from *saving*, permit *goods and services to be sent to people's wants more quickly and more cheaply.*

These wants may, of course, be the desire for music in the home, easy transport, good education or tinned food. If the people want something, *saving*, leading to inventions and so to new machinery, helps those wants to be satisfied in the future more quickly than if there had been no saving.

Signs on the New Road.

What of the sign-posts which we saw are put up along the road to guide Production?

We do not know exactly what signs will be required when saving takes place, and when inventions and new

machinery occur. Instead of higher prices, higher profits and higher wages having to be hoisted on to the sign-posts, the invention *may* come along and give people what they want for *lower* prices. This is because the things can now be made more quickly and more easily because of the machinery or the invention. Therefore it *costs less* in time or labour or money to make these things.

One of the most obvious examples of this is the fall in the price of motor-cars in recent years. This fall has come about, not because people do not want motor-cars so much as before—but because new inventions are constantly being made to produce cars more easily.

This naturally pleases people very much because, if motor-cars are cheaper, they have more money left after buying one, to spend on satisfying their other wants.

Saving, therefore, which leads to inventions and to useful tools and to machinery changes the speed along which goods and wants pass to one another along the Road of Production. As this happens, different and often lower prices are set up on the sign-posts, and this will make for different profit signs and different wage signs. It is a very difficult problem to say whether higher or lower profits or higher or lower wages will be the result of the saving.

Where do “More Goods” come from?

Now we are in a position to give some answer to our question in Chapter 9 on page 80. *Where can we look for the real Aladdin's Lamp, which will help us to have more goods and services than before with which to satisfy our wants?*

We saw in Part I, Chapters 6 and 7, that more money alone only raised the prices of goods and services. At the end of Chapter 9 we saw that the

River of Production of goods and services depended upon the *efforts, bodies, minds* and *good sense* of those people who help to feed it.

These people can increase their production, firstly, by dividing up their scarce time, so as to give *more time to the working part of their day* (see page 95). But if they do this, it means, of course, that *the leisure part of their day will have to be smaller*.

It is of the utmost importance to remember here what are the really important things in life. Goods and services of all kinds are extremely necessary, especially to those people who have very little of them. But good health, games, singing and knowledge, bathing in sea or river, friendship and walks in the country, laughter and dancing, hobbies and crafts are extremely necessary also.

If we give up more of our leisure time to gain more goods and services, we may have to give up many of these other things too, since many of them can only be got in our leisure time.

We have to ask ourselves whether it is really worth while doing so.

Secondly people can increase their production by setting *more men and women on to invent things* with which to work. To do this, saving must be carried out in some form, so that the inventors can have money to live on while occupied in their work. (See pages 104, 123 and 189.)

Thirdly, we can have more goods and services by *saving up and making useful tools and machines* with which to work. These machines save time and labour, and give us far more than we had before. (See pages 105, 106 and 189.)

In saving to help invention, as in saving to help make useful tools, etc., *we must give up having or enjoying things now, in order to have more in the future*. Or, we must work harder or longer now in order to have more

in the future. In that case, *we have to give up part of our leisure time now.*

Lastly, we can have more by arranging our scarce time and labour in ways that use it most efficiently, or that reduce waste. This is really a kind of invention—the invention of a *good organisation of Production*. In Chapters 13, 17, 18 and 19, we saw some of the ways in which waste occurred. In Chapter 19 we saw that *more equal opportunities for everyone* would give us a better division of our scarce labour. That would mean that the same amount of time and effort spent in working would satisfy more of our wants than before.

In Chapter 20, we saw that we can only go on working to satisfy our own and other people's wants if we made certain agreements, rules and laws affecting our conduct with one another. *We have to set aside some of our scarce property and labour to uphold those rules ; but we do so to avoid wasting much more of that scarce property and labour, which would happen if there were no rules and no one to enforce those rules.*

When we work longer or more vigorously, or when we save for machines or invention, *we have to give up* either part of our leisure time now, or part of our enjoyment of goods and services now.

So the real Aladdin's Lamp, which consists of more work, more invention, more machines and better organisation (a kind of invention) has to be paid for, after all. We pay for it when we give up our leisure or our present consumption of things. The Lamp shines so that we can see our way to having more goods and more services, but we must provide the will to walk on down that way, if we want more of those goods. And, if we decide to do so, we must be careful not to give up something really more precious.

One of our "wants," for instance, may be to work in pleasant cheerful surroundings at a good, steady rate, but not under undue strain, and not at too intense a

speed. If we wish to have more of all kinds of goods, it may be possible, perhaps, to have them, only by using machinery at such a speed that men and women can find no happiness in their work, and no strength to enjoy their life outside their work. We must then choose (see Chapter 1) which of our wants is the greater. More goods or better conditions of work? It may be possible one day, with further inventions, to have both these desires, but at present it seems that we must choose between them.

The Road of To-morrow.

If we think of the Road of Production to-day as a railroad, owing to all these new inventions constantly occurring, *how shall we think of the Road of Production of the Future?*

Will it not resemble something like a Great Airway? (See page 196.) As long as people's bodies and brains still remain keen and active, new inventions and new machines will yet be made to bring people's wants ever more swiftly to their goods.

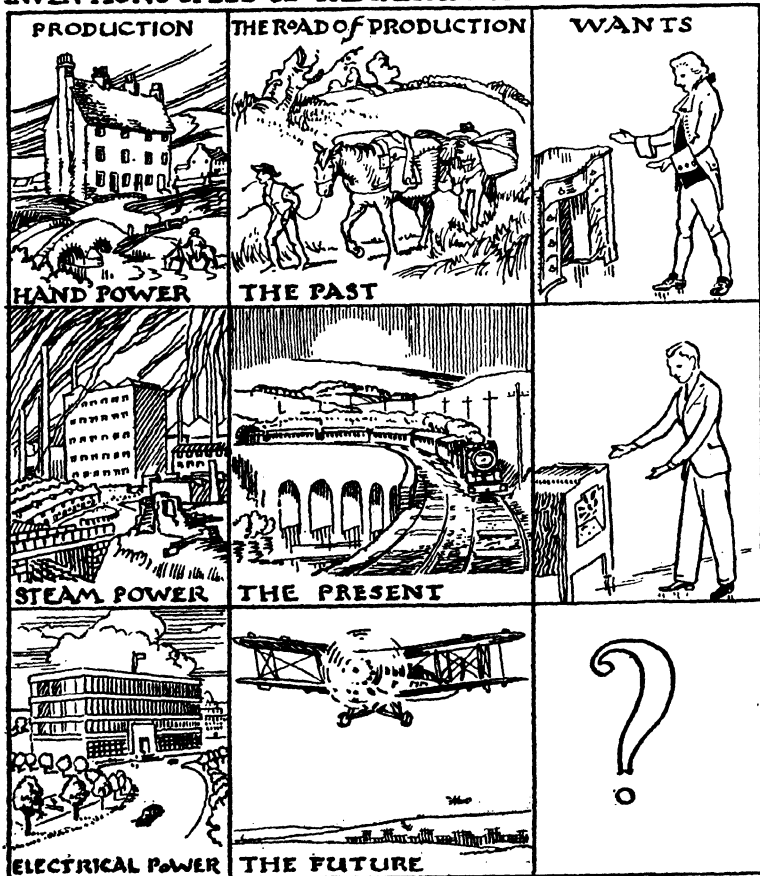
If we know what we want, then the more easily and the more simply we satisfy those wants, the better have we economised our scarce time and scarce labour and scarce things.

Remember that, whatever we do, economy should play its part. Whether we spend, whether we work, whether we play or whether we save, there is some consideration in which we must economise.

In this life of ours, we cannot have all we want to have. We must choose between the things which we want. We cannot do all that we want to do. We must choose between the things which we want to do. We can choose wisely, or we can choose stupidly. It is our own responsibility to see that we choose wisely. But once having made our choice, we can see to it that we *economise* in carrying it out.



INVENTIONS SPEED UP THE SATISFACTION OF OUR WANTS



THE ROAD OF PRODUCTION YESTERDAY, TO-DAY AND
TO-MORROW

We must always try to use, *in the least wasteful way*, the means by which we can have our choices, whether that means is our time or our labour or our money. Often we may not be sure as to what the least wasteful way may be ; but it is always our job to find out.

When we remember, too, what we give up when we economise, whether we economise well or badly, this should help us to choose what we really want, and with our eyes open.

Summary.—Good economy of our scarce labour, time and goods in the populated world should set aside some of each for satisfying our future needs as well as our present needs. This is carried out in different ways by individuals, by companies and by the State. Some of the results of saving will be to give us greater security in the future ; to help us to have more things ; to save time and trouble and to have new and different things, by making it possible to keep men and women exploring and inventing, and by making more tools and machines with which to work. Care must be taken so that our scarce time and labour and goods are not wasted by saving too much or by saving too little. They must all be economised to strike the best balance between enjoyment now and enjoyment later on.

If we want more goods and services (the answer to Chapter 9), we can have them by working more, inventing more, by making more machines and by finding a better organisation. But if we do any of these things, we must either give up part of our leisure time now or part of our consumption of goods and services now. Be careful that you think it is really worth while.

For the future, we expect wants to be filled ever more and more quickly and more fully, owing to the inventive spirit in man.

