CHAPTER I

BIG BUSINESS

Amid whirring machines and tall smoking chimneys it is not easy to picture the work of smiths, carpenters, and potters of bygone ages. Yet it was not until the nineteenth century that machines defeated hand labourers in all the main industries. Then appeared the factories, with dull narrow streets of badly-built houses for the workers. Factory life meant town life. Throughout the nineteenth century the growth of the industrial centres continued. The busy cities of the Victorian age were often very ugly; but the wages paid by the employers in towns were much higher than those offered by farmers, and many of the best boys and girls left the villages.

The saddest example of this urban drift, as it is sometimes called, may be found in a story written by H. G. Wells, The Food of the Gods, and How it came to Earth. There we read of Caddles, of the village of Cheasing Eyebright. Like the huge wasps and the giant rats in the story, he ate of the wonderful food and became a mighty man. So bulky was he after a time that he was withdrawn from attendance at school, since the other children made fun of the young man-mountain.

Later he worked in a chalk-pit. By means of a great windlass he hauled empty trucks from the sidings up the railway lines, dug his chalk, loaded it, and finally himself ran his rolling stock where it was required.
BIG BUSINESS

He was able to work the entire quarry single-handed, and for a long time he seemed quite satisfied with his job.

He had become a very powerful giant, and thus did not find his work too difficult. But Caddles wished to understand things. It was when he became puzzled and discontented that his troubles began.

"Why should I work in this pit, day after day?" he asked. At length he left his job at the quarry, and sought the answer to his questions in London.

Picture him now amid the traffic of the great city, gazing vacantly at omnibuses, cars, trams, carts, trolleys, cyclists, and an astonished crowd of people. From the shops customers came and stared at him, workmen gathered round him, little boys and loafers, shopping women and nursemaids, could not leave him in peace. At length he spoke to them. "I don't understand it," he said. His brows were knit. "Why do you exist, you swarming little people?" he asked. "What are you all doing? What are you all for?"

"He knew nothing of money," writes Mr Wells, "this monstrous simpleton, nothing of trade, nothing of the social fabric of the little people." "I didn't know there were such places as this," he cried again and again to the crowd. "What are all you people doing with yourselves? What's it all for? And where do I come in?"

Caddles stood in Piccadilly Circus between eleven and twelve at night, and watched the ladies in their cars, the people emerging from the restaurants, and ragged misery sneaking along the gutter. Let us remind ourselves that our giant knew nothing of trade
and money. Standing at his corner he peered at the people and asked them questions, but he never found the key to the maze.

The knowledge for which poor Caddles at length sacrificed his life is to be found in this little book. No one who takes the trouble to study Economics need ever worry a busy city crowd by questions about work and wages. It is the business of those who teach Economics to supply answers of the kind required by Caddles. Some people call Economics the science of the endeavour to satisfy human want. It is the science of business, the study of mankind in the ordinary affairs of life.

This does not mean that the economist—and particularly the young economist—must be a farmer, a banker, an engineer, a shopkeeper and a chemist all rolled into one. His job is not to study the whole of the matter. What are the wants of man, and how does he set about supplying them? How much is an article worth, and what makes it worth that amount? The economist tries to find answers to questions such as these. He is concerned with prices, markets, goods, work, money, and wages. If a man is at work, he wants to know why. If a man is not at work he again wants to know why.

What do our modern industrial cities look like through the glasses of the economist? Here we can deal directly with some of the problems which puzzled Caddles. The products of every land and clime are to be found in the big shops. The sum total of human knowledge is there, but only for those who have eyes to see. Every purchaser obtains material for thought
as well as for enjoyment, or, as we say, for consumption. Before the smoker lights a cigarette he may sometimes like to think through how many busy hands the tobacco has already passed. Every automobile is an advertisement of the vast importance of the oils of far-away lands. The fur coats displayed for sale remind us that Economics must take note of useful animals. For behind the shop window we see the furry creatures of the woods, with a goodly sprinkling of friendly rabbits darting hither and thither. The rubber planter overseas is one of the pillars of the modern city. Thus does the economist try to read the riddle of the market-place.

The man for whom Caddles was looking in vain was Burning Daylight, who could have answered all his questions. Burning Daylight is a hero of Jack London, and is said to have earned his curious name by routing his Arctic comrades out of their blankets with the shout that daylight was burning. His feats as a pioneer among the miners on the Yukon delight all who love tales of adventure.

Burning Daylight, however, understood not only dogs and trails, but also the way in which the parts of a modern city are fitted together.

It is, after all, the city which is the great stage of commerce. Knowledge of the dormitory suburbs, the route to work, the favourite shops, and places of amusement, is not enough. What should be known is the whole framework, the complex build of a trading town. The stage is the whole city, and it is a born town-planner who can explain it to us.

"Daylight had vision," writes Jack London. That
BIG BUSINESS

is why, when he left Circle City to follow the trail to Stewart, he spoke of staking town sites, organizing trading companies, and starting banks in those lonely wastes. When he first mentioned banks and stock exchanges in Alaska, his companions exploded with mirth. Still, he persisted in his notions. On the woody, snow-covered plain he saw in imagination a mining city; he had an eye for steam-boat landings, and locations for saw-mills and warehouses.

At length it came—the gold metropolis on the Yukon. Burning Daylight's great city of Ophir arose on the vast moose-pastures. His engines built a reservoir eighty miles from the settlement, and a huge wooden conduit carried the water from the watershed across country to Ophir. We read how the mining town developed step by step. We see, for example, machinery being used more and more in the hunt for gold. Electric power plants are installed, and the workings are lighted, as well as run, by electricity. The cabins of the miners are then erected, saw-mills are built, and finally the banks of which Daylight had spoken actually appear. Caddles of Cheaning Eye-bright would have been puzzled in Ophir as well as in London. When the shrill whistles called hundreds of labourers to work he would have been startled.

Had the glare of the arc-lamps revealed to him this busy northern hive of industry, he would again have asked helplessly, "What does it all mean?"

At a later date Burning Daylight left the Northern city he had built, and descended upon San Francisco. There he proceeded to solve problem after problem connected with the life of a great city. He was fas-
6  

**BIG BUSINESS**

cinated by the activities of the great captains of industry, and became known himself throughout America as a great financier.

The greatest scheme of Daylight is fully explained by Jack London. Oakland was near San Francisco, and was much more attractive, for residential purposes, than the greater city. However, the transport system between the two was very bad. A fine scheme of ferries with modern boats was planned. A huge pier was to be constructed. “I will build electric roads,” said Daylight, “and the land of Oakland will then become very valuable; then fine houses will soon appear. Here will be a system of docks suitable for ocean steamers. Connected with them will be the freight cars of three great railways. What will follow? Why, factories! Factory sites will then be needed. Factories mean tens of thousands of working men and their families. That means more houses and more land. A growing population will need more stores, more banks, more places of amusement, more everything.” This town-planner understood Economics.

“Here are all the material advantages,” he said, “for a great metropolis. Do you want to land your tea and silk from Asia, and ship it straight East? Here are the docks for your steamers, and here are the railroads. Do you want factories from which you can ship direct by land or water? Here’s the site, and here’s the modern up-to-date city, with the latest improvements for yourselves and your workmen to live in.”

“Then there’s the water,” he went on, and showed how a good water system would be provided. “Look at it. Just look at it,” said Burning Daylight. “You
BIG BUSINESS

could never find a finer site for a great city. Twenty years from now there’ll be a million people on this side of the bay.”

To most of us a city is like a jig-saw puzzle. It is a great gift to be able to fit the parts together in orderly fashion in our minds; it is wonderful to be able to guess usefully what a city will be like at some time in the future. All this is very important to us because we have become a race of city dwellers. These are the people whom the economist studies in the ordinary business of life, although he does not forget the farmer, the miner, and the fisherman.
BIG BUSINESS

But for a long time our chief national business has been shopkeeping. In our shops the finished products of industry are placed upon the counter. The pictures of John Bull to which we have grown accustomed represent a prosperous farmer whose favourite recreation would appear to be hunting; but the ordinary Englishman to-day goes forth to make, to buy, and to sell. During the “rush hour,” crowds of men and women, boys and girls, hurry from their dormitories in the suburbs to the railway or car, and onwards to factory or market. We sometimes call the crowds of business people “daily breadys.”

The economic activities of all these workers are to be studied to some extent. What do they make? How do they help one another? Where do they show their skill? What mistakes are they likely to make?

It is not too difficult for us. Think of the blunders made by the traders in the age of Walpole who are said to have planned to supply tropical countries with warming-pans. This was a first-class error in the study of the wants of man. We read in the same age of a company being formed to import jackasses from Spain, “as if,” someone said, “we had not plainly jackasses enough already.” One adventurer in those times asked for £1,000,000 to make a wheel for perpetual motion; and someone at some time must undoubtedly have carried coals to the Newcastle market.

Trade means buying and selling. A boom is a loud hollow sound, a sort of roar. The rush of a ship produces the sound of booming water. When there is a sudden and great demand for goods, there is said to be a trade boom. “The boom was something wonder-
ful,” writes Mark Twain, “everybody bought, everybody sold.”

A slump, on the contrary, means that the boom has finished. There is a sudden fall in the price of goods, stocks, and shares. Slump is a dismal word, indeed; it attempts to imitate the cheerless sinking of a body in mud or snow.

It is a curious thing that every period of from seven to ten years seems to include a trade boom followed by a trade slump. When people want to know why this is, they turn to the subject of Economics for an answer. As yet, however, this particular answer is not very clear.

To us all business means serious work; it is our care and concern. A man who means business is in earnest; a man on business comes with a definite purpose. It is during business hours that the shop or office is open; and the business end of a tin tack is its point.

The economist studies this business activity. He guides the learner to the countryside among the miners and the farmers. He shows the uses of the great machines of industry. He points to the goods produced by means of these agents; and tracks them to their markets, as they are transported by road, rail, sea, or air. Then comes the actual riddle of the market-place, and the buying and selling that we know in our shops. Wealth is what costs something. A man’s wealth is the money value of his possessions. The economist explains as well as he can how desirable things are produced and then shared. He shows what is the prey of the hunter, and why and how it must be
chased. Then when victory is gained, the sharing of the spoils is still difficult to understand.

This reference to hunting reminds us that the study of mankind in the ordinary affairs of life, may include the services rendered by animals. We may fairly end our first chapter by an easy little economic excursion of this kind. The producers of fur coats have already been mentioned and sympathized with. Young people have always taken the keenest interest in stories about hunting for trade in order to get marketable skins and hides. The export of ivory was for many years a considerable item from West Africa. Ivory, however, is now so cheap that there is not the same inducement to export it. One feels pleased that the elephants may therefore breathe more freely. Unfortunately elephant meat commands a high price in the local markets of the Gold Coast; and the steady and heavy toll of elephants proceeds. As the young and human economist broods upon the uncertain fates of the domesticated animals, it may be found that genuine economic reasoning is going on. Here are some typical first economic exercises of this kind.

A lady recently commenced her lessons on Economics by talking about the supply of fat cattle in relation to cooking. She explained that housewives now find that big joints of meat cannot be cooked in the small ovens of labour-saving flats. When butchers cannot sell these large joints they refuse to buy from farmers the heavier types of cattle. Farmers then try to breed cattle which will not have such large joints as were usual some years ago.

If the annual license paid for dogs were doubled,