

Letter to his Grandson

Fred I. Kent

Mr Kent's grandson, then a schoolboy, was disturbed by the current fashion of disparaging the profit system. He had asked his grandfather to explain just how there can be a profit that is not taken from the work of someone else.

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My Dear Grandson:

I will answer your question as simply as I can. Profit is the result of enterprise which builds for others as well as for the enterpriser. Let us consider the operation of this fact in a primitive community, say of one hundred persons who are non-intelligent beyond the point of obtaining the mere necessities of living by working hard all day long.

Our primitive community, dwelling at the foot of a mountain, must have water. There is no water except at a spring near the top of the mountain: therefore, every day all the hundred persons climb to the top of the mountain. It takes them one hour to go up and back. They do this day in and day out, until at last one of them notices that the water from the spring runs down inside the mountain in the same direction that he goes when he comes down. He conceives the idea of digging a trough in the mountainside all the way down to the place where he has his habitation. He goes to work to build a trough. The other ninety-nine people are not even curious as to what he is doing.

Then one day this hundredth man turns a small part of the water from the spring into his trough and it runs down the mountain into a basin he has fashioned at the bottom. Whereupon he says to the ninety-nine others, who each spend an hour a day fetching their water, that if they will each give him the daily production of ten minutes of their time, he will give them water from his basin. He will then receive nine hundred and ninety minutes of the time of the other men each day, which will make it unnecessary for him to work sixteen hours a day in order to provide for his necessities. He is making a tremendous profit – but his enterprise has given each of the ninety-nine other people fifty additional minutes each day for himself.

The enterpriser, now having sixteen hours a day at his disposal and being naturally curious, spends part of his time watching the water run down the mountain. He sees that it pushes along stones and pieces of wood. So he develops a water wheel; then he notices that it has power and, finally, after many hours of contemplation and work, makes the water wheel run a mill to grind his corn.

This hundredth man then realises that he has sufficient power to grind corn for the other ninety-nine. He says to them, "I will allow you to grind your corn in my mill if you will give me one tenth of the time you save." They agree, and so the enterpriser now makes an additional profit. He uses the time paid by the ninety-nine others to build a better house for himself, to increase his conveniences of living through new benches, openings in his house for light, and better protection from the cold. So it goes on, as this hundredth man constantly finds ways to save the ninety-nine the total expenditure of their time – one tenth of which he asks of them in payment, for his enterprising.

This hundredth man's time finally becomes all his own to use as he sees fit. He does not have to work unless he chooses to. His food and shelter and clothing are provided by others. His mind, however, is ever working and the other ninety-nine are constantly having more time to themselves because of his thinking and planning.

For instance, he notices that one of the ninety-nine makes better shoes than the others. He arranges for this man to spend all his time making shoes, because he can feed and clothe him and arrange for his shelter from profits. The other ninety-eight do not now have to make their own shoes. They are charged one tenth the time they save. The ninety-ninth man is also able to work shorter hours because some of the time that is paid by each of the ninety-eight is allowed to him by the hundredth man.

As the days pass, another individual is seen by the hundredth man to be making better clothes than any of the others, and it is arranged that his time shall be given entirely to his speciality. And so on.

Due to the foresight of the hundredth man, a division of labour is created that results in more and more of those in the community doing the things for which they are best fitted. Everyone has a greater amount of time at his disposal. Each becomes interested, except the dullest, in what others are doing and wonders how he can better his own position. The final result is that each person begins to find his proper place in an intelligent community.

But suppose that, when the hundredth man had completed his trough down the mountain and said to the other ninety-nine, "If you will give me what it takes you ten minutes to produce, I will let you get water from my basin," they had turned on him and said, "We are ninety-nine and you are only one. We will take what water we want. You cannot prevent us and we will give you nothing." What would have happened then? The incentive of the most curious mind to build upon his enterprising thoughts would have been taken away. He would have seen that he could gain nothing by solving problems if he still had to use every waking hour to provide his living. There could have been no advancement in the community. The same stupidity that first existed would have remained. Life would have continued to be a drudge to everyone, with opportunity to do no more than work all day long just for a bare living.

But we will say the ninety-nine did not prevent the hundredth man from going on with his thinking, and the community prospered. And we will suppose that there were soon one hundred families. As the children grew up, it was realised that they should be taught the ways of life. There was now sufficient production so that it was possible to take others away from the work of providing for themselves, pay them, and set them to teaching the young.

Similarly, as intelligence grew the beauties of nature became apparent. Men tried to fix scenery and animals in drawings – and art was born. From the sounds heard in nature's studio and in the voices of the people, music developed. And it became possible for those who were proficient in drawing and music to spend all their time at their art, giving of their creations to others in return for a portion of the community's production.

As these developments continued, each member of the community, while giving something from his own accomplishments, became more and more dependent upon the efforts of others. And, unless envy and jealousy and unfair laws intervened to restrict honest enterprisers who benefited all, progress promised to be constant.

Need we say more to prove that there can be profit from enterprise without taking anything from others, that such enterprise adds to the ease of living for everyone?

These principles are as active in a great nation such as the United States as in our imaginary community. Laws that kill incentive and cripple the honest enterpriser hold back progress. True profit is not something to be feared, because it works to the benefit of all.

We must endeavour to build, instead of tearing down what others have built. We must be fair to other men, or the world cannot be fair to us.

Sincerely,
Grandfather.