

HANS AND HIS CAKES.

A PARABLE.

BY M. FLURSCHEIM.

Translated by L. H. Berens.

[Reprinted from the *South Australian Register*, June 19th, 1888.]

Once upon a time there was an Island upon which two men and their families lived. The one was named Hans and the other Peter. They were not rich, but had enough to eat and drink, which, after all, is of the most importance. Each had a small field in which he grew corn. They ground the corn into flour in a small hand-mill and baked the flour into cakes, upon which they lived and of which they were very fond. Although they had to work hard and continuously they were on the whole happy and comfortable.

One day when walking on the sea-shore Peter found a great big book which had been washed ashore in a box. He took it home, and on opening it found it was "The Wealth of Nations," written by a man named Adam Smith. This book Peter used now to read on Sundays, when there was no work to do; and although he did not understand all he read, yet from it he soon learned that the way in which he and his neighbour were working, each doing all his own work, was not the best way, and that they often wasted both time and labour. So one day he went to Hans and said :—

"My dear neighbour, we have in the past both been foolish, and wasted much time and work because we did not understand how to make use of the advantages which the division of labour would give us. I have now a proposition to make, I will take over our fields as my property, will cultivate them and grow corn enough for both of us. You shall take over all our capital, ovens, mills, &c., as your property, and you must grind the flour and bake the cakes, then our labour will be divided; and by the better use

of our time and the increased skill we should soon gain in our respective occupations would enable both of us to produce more, and so obtain a better living by the same amount of work, or we could live as we are doing now with less labour and shorter hours."

Hans had always had a high opinion of Peter's smartness, especially since he had seen him reading such a thick book, so he agreed to this proposition. Everything turned out as Peter had prophesied. Their increased skill and the improvements they were enabled to make in their tools and methods of working soon enabled them to produce more cakes in the same space of time than they ever did before. They honestly and equally divided the results of their united labour, and when they had enough they used to take it easy, sleep, play games, and otherwise amuse themselves.

But Peter read more of Adam Smith, and one day came again to Hans and said---

"My dear Hans, we are, after all, a pair of careless fellows; we are enjoying the present, but making no provision for the future, when we shall be old and weak. We should really occupy our time in doing so. Besides, our communistic method of dividing our goods is not in accordance with the doctrines of political economy, which teaches us that 'it is only when each one knows that he is producing entirely for himself that the largest amount of goods is produced. How would it be if each kept that which he produces, and then exchanged one with the other?'"

Hans again agreed. Peter now commenced to cultivate corn for stock, and Hans also started making flour and baking cakes for stock. They exchanged their products, so that each received an equal amount of corn, flour, and cakes. They, however, soon found that although corn would keep pretty well, flour did not do so, whilst their cakes soon became useless. Peter then soon found it more practical to keep his corn in stock, and only exchanged it for flour and cakes as he required them. The result was that Hans only had work to do so long as his own stock of corn lasted, and then he had to remain idle until Peter wanted some more cakes; Peter thus had a great advantage over poor Hans. On the one hand, Peter could steadily increase his stock of grain, and only exchanged it for cakes as he required them; whilst, on the other hand, Hans, having exhausted his stock of corn, and his cakes having been consumed or become useless, soon only had work when Peter wanted cakes, and gave him corn for them. So Hans lived from hand to mouth without being able to make any provision for his old age, whilst Peter soon became the happy possessor of large stores of grain.

In order to get more corn Hans soon commenced to work in the

fields for Peter ; his wife and growing sons soon had to help also. He invented labour-saving machines, which enabled him to produce more corn, more flour, and more cakes with the same amount of labour.

Unfortunately now that Peter had nothing to do, he lost much of his appetite and required less cakes than ever, and the fewer cakes he consumed the less opportunities Hans had to work and earn corn. *Because Peter had no appetite Hans had to starve.*

At last Hans mustered up courage, went to see Peter, and told him that there must be something wrong somewhere, as although Peter did nothing the whole day long, whilst he and his family worked from morning to night, yet Peter had enormous supplies of corn and cakes, whilst he had not enough to live upon and could not obtain work to supply his wants. Peter then replied :—"Ach, my dear Hans that cannot be helped. Here, look for yourself. Adam Smith distinctly states that the relations between employer and employed are solely to be determined by the laws of supply and demand. I have no more requirements ; there is no demand for your cakes, therefore the supply of labour exceeds the demand. It is no wonder, then, that you cannot find employment and are suffering want."

"No," Hans at once replied ; "there is a big demand for cakes." Last night we all went hungry to bed, as we had nothing to eat."

Peter smiled at Hans' simplicity, and was surprised that after all the trouble he had taken, Hans had no real comprehension of the doctrines of the orthodox political economists. "That may be," he replied ; "that sort of demand Smith does not mean, but the effective demand by those who can pay. In order to command cakes you must first have some corn, and, of course, I cannot give up any of my corn, because I do not require your goods. I have more than enough already. The truth is that with your new machines you have produced too many cakes ; so that at the present moment we are suffering from 'a wave of depression,' and there is a 'commercial crisis,' caused by your '*over-production*.'"

Now, "*over-production*" was a word which Hans had never heard before, so it made a great impression upon him ; he had besides a great deal of respect for Peter and his Adam Smith. He returned home nearly convinced that there was an over-production of cakes, and that was the reason that there was nothing for him to do, and all his machines, ovens, &c., had to remain idle ; Peter was indeed the only one who could pay for them, and he had already too many. And yet he could not understand how it was that he was not able to get any cakes because of

his having produced too many. Besides, he remembered that all the corn that Peter possessed was the result of his work; he had planted and harvested it with the help of his family and his machines, and yet Peter had everything in abundance, whilst he and his family were starving.

One day a stranger came to the island and stayed there a few hours. His name was Mr. Bi-metalism. from the Kingdom of Paper-money. Hans told him his grievances, "Yes, my dear fellow," Mr. Bi-metalism replied, "I can easily understand that under existing conditions you can make no progress; you use corn as money, as the standard of value, and as the production of corn is naturally restricted, so your currency is also restricted. No wonder then that you are suffering from over-production, that your goods are too cheap and yet can find no purchasers. There is, however, a very simple remedy for these evils; you must have a *double currency*; look out for all the pebbles which your island contains and use them as money, as a second medium of exchange; then everything will come right."

"But supposing Peter won't agree," said Hans.

"Then force him to adopt the new currency; you are the stronger, so you can easily do so," answered the stranger.

Hans did as he was told, went to Peter and insisted upon the adoption of a pebble currency as well as of a corn currency. Peter thought over the matter, but as he saw that Hans would stand no nonsense he at last agreed.

Now, the pebbles which had been adopted as a medium of payment of course belonged to Peter as owner of the soil. Great confusion at first resulted from the adoption of the double currency, because when Peter paid for cakes with corn he never dreamt of giving so much as when he paid in pebbles. He gave at least ten times as much weight in pebbles as in corn, and when plenty of pebbles had been found he gave even a hundred times as much. The relative value of pebbles and corn altered every day according to their relative supply. In a word, corn instead of money, soon became simply a commodity, the price of which was determined by pebbles. Soon nothing was heard of a double currency; pebble currency was the only one upon the island. In consequence of the small value of the medium of payment prices rose enormously. Hans now received a hundred pounds' weight of pebbles in exchange for a certain quantity of cakes, for which he had previously received one pound weight of corn. But, strange to say, his position was not improved. Peter consumed no more cakes than previously; Hans was always hungry and wanting employment.

In the course of time both Hans and Peter died; the descendants

of Peter, of course, inherited the soil of the island, and through its ownership possessed also the greater part of the accumulated wealth; the descendants of Hans, although working year in, year out, from morning to night, could never permanently improve their condition, but for the most part lived scantily from hand to mouth.

In the course of time the origin of the difference in the condition of the two classes of inhabitants was entirely forgotten. The Peters at last came to regard themselves as a different race of men, with different blood (blue blood); even most of the Hanses also believed it, they had been told it so often; and really the leisure which the Peters enjoyed gave them opportunities of obtaining education and culture which was denied to the Hanses, who had to work hard and continuously. The Hanses had also become disunited. Some of them had secured for themselves the possession of all the capital, *i.e.*, the machinery and tools. These divided amongst themselves the lion's share of the cakes before they allowed the others to have any at all. But as the Peters were the lords of the soil they owned all the corn and pebbles, and so even those Hanses who owned the machinery and tools did not have too luxurious lives, because in order to obtain corn and pebbles they competed one against the other; one offering more cakes or other articles, which were now manufactured in the island, for a given quantity of corn or pebbles than the other, until they often ruined one another. In spite of this many of the Hanses, who did not possess any machinery and tools, laid all their sufferings at the door of those who did. In this false belief they were at first naturally supported by the Peters, until the poor Hanses commenced to attack them also. Then the Peters and those of the Hanses who owned most of the machines and tools met together in solemn conclave and in the name of law and order—to protect *their* law and *their* order—they passed *Coercion Acts* and *anti-Socialist laws*.

In the course of time some of the Peters were extravagant, and managed their estates so badly that some few of the Hanses had obtained portions of their landed property. These Hanses were the smartest and most cunning of all the race. Wherever there was a Peter who managed badly, some of them used to come smelling round and started business with him and conspired against him to obtain his land, which was of course a much valued possession. Through their continual smelling round, a certain portion of the Hanses developed extra large bent noses, by which they were easily recognised. The anger of the Peters was specially directed against these people, who became richer and richer, and who, with other of the Hanses, were gradually usurping the power and position of the Peters. The Peters, therefore, worked up an

agitation amongst the poorer Hanses against their brothers with the peculiar shaped noses; some of the Hanses went so far into the trap as to murder and maim some of their brothers with the peculiar shaped noses. This agitation was called by a big name—"The Anti-Semitic Movement."

The confusion and misery now became worse and worse. In the olden times one knew exactly who were the oppressors and who the oppressed, every child knew that the Peters were the tyrants, and the Hanses their victims. But now some few Hanses had become rich and possessors of those means of robbing and oppressing the people which formerly belonged solely to the Peters. Some of the Peters had become poor so that no one could easily trace the reason of all the troubles. Everything was in confusion and each man's hand was against his neighbour. The socialist Hanses, as they were called, thought that everything would be right if they could only get possession of all the machines and tools, the *anti-Semitic* Hanses wanted to exterminate all the men with the long, bent noses. The *protectionist* Hanses thought that the trouble arose through the increasing trade with some other islands which suffered from the same evils as themselves. The *malthusian* Hanses ascribed all the evils to *overpopulation*, and talked about the advantages of emigration and the restriction of the number of children, although there was plenty of land in the island which was not cultivated, and there was no absolute scarcity of supplies of all necessities. In fact there seemed to be too much of everything; all the storehouses and shops were full. The real cause of their troubles was that the Hanses and Peters who now owned everything gave out too little corn and pebbles, because they required but little of the cakes and other goods now made on the island; theirs was the only "effective demand," and when their requirements were satisfied there was no trade and no work.

And so these stupid people continue until the present time, unless they are all dead or have not yet all killed one another in the confusion and quarrelling. No one amongst them now ever thinks of abolishing the real cause of their troubles, *viz.*, the private ownership of the soil, which was instituted by Peter, still less is the real remedy known, *viz.*, *resumption the of the soil as common property*. They will have to adopt it some day though, for wrong cannot last for ever; right must at last triumph.