

The Birth of a Capitalist

by Dean Russell

When the new superintendent came to the orphanage where I was reared, he found that we kids were not allowed to earn or have any spending money. So one of the first things he did was to tell us that if we were able to earn any money in our spare time, we could keep it or spend it as we pleased. We listened. But since none of us knew how to go about earning extra money, nothing happened. Then one 15-year-old boy had a brilliant idea.

We were all attending a movie. The program included a “short” on fishing. All of us saw a group of fishermen in the movie pay cash for live bait—minnows. But only one of us was able to apply this idea to our own situation.

“We have a creek full of minnows,” Jack pointed out to the rest of us. “Why can’t we earn money by selling live bait to the fishermen at Timber Lake?”

We just listened. Even when the possibility was explained to us, it still didn’t register. So Jack worked out his plan alone. He knew that the variety of minnows called *chubs* was best for bait, because we had used them when fishing in our own small pond. So Jack went to Timber Lake to check the demand and price for chubs. The rest of us continued to wait and watch, skeptically.

The late Dean Russell was a long-time member of FEE’s staff and the author of Frédéric Bastiat: Ideas and Influence, The TVA Idea, and The Conscription Idea. This article is reprinted from the September 1955 issue of Ideas on Liberty.

Jack found that the demand was good and the going rate was fifty cents a dozen. His sales talk to the fishermen was simple and effective. He just said: “We sell chubs for thirty-five cents a dozen out at the orphanage.”

The next day there were eleven customers, not enough chubs to go around, and much confusion. Then the superintendent stepped in. He organized seventeen of us into a company with Jack as the president. Jack’s job was to count and store the minnows we other kids caught, sell them to the customers, and keep the books on the project. We all agreed that Jack should keep a nickel from each thirty-five cent sale he made for us. The money was divided from time to time, each of us getting whatever percentage the books showed he had contributed.

All of us were happy. We now had spending money for candy, cokes, and vital things like that. But then we discovered that the president of our company, the boy who had thought up the idea, got more money than any of us! And frankly, we didn’t like it.

We could see the logic behind giving the most money to the fellow who caught the most minnows, but none of us could see why the president should get more than even the best fisherman. After all, what did he do? Did he catch any chubs? Did he have to wade in the water and get his shoes and overalls wet? As far as we could see, all he did was take for himself a part of our earn-

ings. And we were on the verge of a small revolution when the superintendent entered the picture again.

He said: “Before Jack thought up this idea, none of you had any money.” That was true.

“Has he taken anything from you that you had before?” No he hadn’t, since we didn’t have anything before.

“Would you have any spending money now, if he hadn’t showed you how to earn it?” I wasn’t sure about that. Since it was such a simple idea, I secretly felt that I would have thought it up the next day, if Jack hadn’t beat me to it. Anyway, suppose he did think it up? That was two months ago!

“Do any of you care to quit your job with the company?” the superintendent asked. None of us did, because then we might be back where we started—with no money at all.

“If any one of you wants to quit, you can do so and go into business for yourself, find your own customers, sell your own minnows, and keep the entire thirty-five cents.” But the superintendent got no takers on that suggestion. None of us wanted to take the risk of losing a reasonably sure thirty cents for the mere possibility of gaining an extra five cents. All we had in mind was a more equal split of the company’s income.

The superintendent concluded: “It seems to me that none of you should begrudge the fact that Jack gets about three times as much

money as most of you. Without him, you would probably have less than you now have, and possibly you wouldn’t have any.”

I can see now that the superintendent was trying to explain to us that, as far as we were concerned, Jack had created a new source of wealth. He was trying to tell us, in a nice way, that Jack’s brain was more valuable than our brawn. He was pointing out that while Jack was making a considerable amount of money for himself, he was also making money for the rest of us. But I couldn’t see that when I was sixteen years old. All I could see was that Jack had more money than I had; that I worked harder and longer than he did; and that he was taking an unfair share of *my* money. And, logic or no logic, we kids would have changed that situation if it had been put to the test of a majority vote.

No one expected us teen-age kids to be deep-thinking economists. We operated mostly by emotion and feeling instead of reason and logic. While most of us outgrew that immaturity, some didn’t. And they found many other grown men and women—voters all—who agreed with them that the government should use taxes and subsidies to make all incomes more equal.

I wish there were some way I could convince those people of this idea: Even from the materialistic viewpoint of their own selfish interests, they would be better served by not taking the capitalists’ profits away from them. □



Among the ruins of feudal Europe, the foundations of a new social system were laid. But the first blows to the old order were not dealt by merchants or usurers, but by the poorest and most oppressed layer of feudal Europe - serfs. Medieval Europe was built on unpaid labor of this class of half-slaves, who were given a small plot of land, in return of which they were forced to work for free on the estates of the church and feudal nobility for several days a week. One can talk arbitrarily about the birth of the capitalist formation, but this happened thanks to usury. When instead of real gold, security receipts and paper bills went into circulation. It was the speculative policy of the emerging banks that gave impetus to the development of industry, productive forces and various forms of capital. In this chapter, we present a history of the institutionalization of capitalist consumption in the West. Our goal here is to use history as a resource - a resource containing demonstrable patterns and tendencies that can be used to illuminate contemporary developments around the world. Rather than a comprehensive overview, the task at hand is to outline how capitalist consumption emerged and, in so doing, identify the dynamics behind contemporary trajectories. Discover the world's research. The mass labour movement is in disarray throughout the advanced capitalist world. Its utopias, generations-old visions of a better social future, have ceased to mobilise. Its organisations-unions and parties-are in retreat. Its social base is more and more fragmented. In this first episode of a three part series, we explore the rough and humble beginnings of America's most legendary capitalist, John D. Rockefeller. His early years are anything but typical, but a tough living situation forces him to develop a skill set that he'll find very useful later in life. Also, an early experience with money proves a revelation for the young Rockefeller and sets him on his path. We hope you enjoy! This episode of Giants of History was brought to you by Audible.com.