

THE POSITION OF THE MIDDLEMAN.

A DEFENCE OF THE DISTRIBUTOR OF GOODS—AN ENGLISH
OPINION OF THE VALUE AND USEFULNESS OF THE
WHOLESALE TRADE—WHY THERE IS ROOM
FOR BOTH CLASSES OF MERCHANTS.

From The London Drapers' Record.

It is customary with some people to speak of middlemen, which is practically another name for traders, with some contempt, as a class which confers but little benefit on the community. It is pointed out that agriculturists enrich the world because their labors add to its fruitfulness. In the same way manufacturers confer benefits on mankind, for they turn crude materials into finished articles that are eminently calculated to make life more enjoyable. But middlemen, who render no services except that of being a medium of communication between producers and consumers, which part they play solely for their own profit, of what good are they in the world? Why should not producers and consumers be brought together, and thus eliminate the go-between who robs both, the former of some of the gain which should have been the proper reward of his industry, the latter of some of his earnings by making him pay more for the wares he requires than the producer is willing to take for them? Such is the language occasionally used by theorists who think they are only talking an advanced kind of political economy. In reality they are talking unmitigated rubbish. Middlemen are an essential product of civilization, and since its very dawn they have played a useful, indeed an indispensable, part. The moment that individuals ceased to supply themselves directly with the various articles and accommodations they made use of, that moment must a commercial intercourse have begun to grow up among them. For it is only by exchanging that portion of the produce raised by ourselves that exceeds our own consumption, for portions of the surplus produce raised by others, that the division of employments can be introduced, or that different individuals can apply themselves in preference to different pursuits. And not only does commerce enable the inhabitants of the same village or parish to combine their separate efforts to accomplish some common object, but it also enables those of different provinces and kingdoms to apply themselves in an especial manner to those callings for the successful prosecution of which the district or country which they occupy gives them some peculiar advantage. As M'Culloch has accurately pointed out, this territorial division of labor has contributed more, perhaps, than anything else to increase the wealth and accelerate the civilization of mankind. And such a result would not have been possible but for the middleman.

Let us prove this. While the exchange of different products is carried on by the producers themselves, they must unavoidably lose a great deal of time and experience many inconveniences. Were there no merchants, a manufacturer desirous of selling his produce would be obliged, in the first place, to seek for customers and to dispose of his wares as nearly as possible in such quantities as might suit the demands of the various individuals inclined to buy them, and after getting his money he would next be obliged to send to a score or so places for the different commodities he required for his own use, so that, besides being exposed to vast trouble and inconvenience, his attention would be continually diverted from the labors of his manufactory. Under such a state of things the work of production in every different employment would be meeting with perpetual interruptions, and many branches of industry which are successfully carried on in a commercial country would not be undertaken. This provides the opportunity of which the middleman has ever been quick to take advantage. The establishment of a distinct mercantile class effectually obviates the inconveniences outlined above. When a set of dealers erect warehouses and shops for the purchase and sale

of all descriptions of commodities, every producer, relieved from the necessity of seeking customers, and knowing beforehand where he may at all times be supplied with such products as he requires, devotes his whole time and energies to his proper business. The intervention of the merchant gives a continuous and uninterrupted motion to the plough and the loom. A great authority on the subject has declared that "were the class of traders annihilated, all the springs of industry would be paralyzed." The numberless difficulties that would then occur in effecting exchanges would lead each particular family to endeavor to produce all the articles they had occasion for; society would thus be thrown back into primeval barbarism and ignorance, the divisions of labor would be relinquished, and the desire to rise in the world and improve our condition would decline according as it became more difficult to gratify. Obviously this would be a change for the worse, as far as all the best interests of mankind are concerned; and that there is no fear of it taking place is due to the energy and capacity of the misunderstood middleman.

The mercantile class has always been divided into two subordinate classes—the wholesale dealers and the retail dealers. That each is indispensable, and the necessary complement of each other, a little consideration will show. The former purchase the various products of art and industry in the places where they are produced or are least valuable, and carry them to those where they are more valuable or where they are more in demand; and the latter, having purchased the commodities of the wholesale dealers under conditions more favorable than those of buying direct from the producers, even allowing for an increase of price, collect them in shops and sell them in such quantities and at such times as may best suit the public demand. Obviously the two classes of dealers are alike useful; and the separation that has been effected between their employments is one of the most advantageous divisions of labor. The operations of the wholesale dealer are analogous to those of the miner. Neither the one nor the other makes any change on the bodies which he carries from place to place. All the difference between them consists in this—that the miner carries them from below ground to the surface of the earth, while the merchant carries them from one point to another on its surface. Hence it follows that the value given to commodities by the operations of the wholesale merchant may frequently exceed that given to them by the producers. Nor are the services of the retailer less useful to the community. If the wholesale merchant were himself to retail the goods he has brought from different places, he would require a proportionate increase of capital; and it would be impossible for him to give that exclusive attention to any department of his business which is indispensable to its being carried on in the best manner. Accordingly, the services of the retail dealer are requisitioned; and the adequate discharge of his duties confers an enormous benefit on the community. Traders, therefore, can well afford to smile when they hear ignorant people talking disparagingly of middlemen.

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