

PRINCIPLES OF POLITICAL ECONOMY.

CHAPTER I.

VALUE.

THE first question that confronts the beginner in this science, and the one also that controls the whole scope of his inquiries to the very end, is: What is the precise subject of Political Economy? Within what exact field do its investigations lie? There is indeed a short and broad and full answer at hand to this fundamental and comprehensive question; and yet it is every way better for all concerned to reach this answer by a route somewhat delayed and circuitous, just as it is better in ascending a mountain summit for the sake of a strong and complete view to circle up leisurely on foot or on horseback, rather than to dash straight up to the top by a cog-wheel railway and take all of a sudden what might prove to be a less impressive or a more confusing view.

The preliminary questions are: What sort of facts has Political Economy to deal with, to inquire into, to classify, to make a science of? Are these facts easily separable in the mind and in reality from other kinds of facts perhaps liable to be confounded with them? Are they facts of vast importance to the welfare of mankind? And are the activities of men everywhere greatly and increasingly occupied with just those things, with which this science has exclusively to do? Let us see if we cannot come little

by little by a route of our own to clear and true answers for all these questions.

If one should take his stand for an hour upon London Bridge, perhaps the busiest bit of street in the world, and cast his eyes around intelligently to see what he can see, and begin also to classify the things coming under his vision, what might he report to himself and to others? Below the bridge in what is called the "Pool," which was dredged out for that very purpose by the ancient Romans, there lie at anchor or move coming and going many merchant-ships of all nations, carrying out and bringing in to an immense amount in the whole aggregate tangible articles of all kinds to and from the remote as well as the near nations of the earth. All this movement of visible goods, home and foreign, is in the interest and under the impulse of Buying and Selling. The foreign goods come in simply to buy, that is, to pay for, the domestic goods taken away; and these latter go out in effect even if not in appearance to buy, that is, to pay for, the foreign goods coming in. At the same hour the bridge itself is covered with land-vehicles of every sort moving in both directions, loaded with salable articles of every description; artisans of every name are coming and going; merchants of many nationalities step within the field of view; and porters and servants and errand-boys are running to and fro, all in some direct relation to the sale or purchase of those visible and tangible things called in Political Economy *Commodities*. Moreover, vast warehouses built in the sole interest of trade on both sides the river above and below the bridge, built to receive and to store for a time till their ultimate consumers are found, some of these thousand things bought and sold among men, lift their roofs towards heaven in plain sight. Doubtless some few persons, like our observer himself, may be on the spot for pleasure or instruction, but for the most

part, all that he can see, the persons, the things, the buildings, even the bridge itself, are where they are in the interest of *Sales* of some sort, mostly of *Commodities*. What is thus true of a single point in London is true in a degree of every other part of London, of every part of Paris and of Berlin, and in its measure of every other city and village and hamlet in the whole world. Wherever there is a street there is some exchange of commodities upon it, and wherever there is a market there are buyers and sellers of commodities.

If the curiosity of our supposed observer be whetted by what he saw on London Bridge, and if the natural impulse to generalize from particulars be deepened in his mind, he may perhaps on his return to America take an opportunity to see what he can see and learn what he can learn within and around one of the mammoth cotton mills in Lowell or Fall River or Cohoes. Should he take his stand for this purpose at one of these points, say Lowell, he will be struck at once by some of the differences between what he saw on the bridge and what he now sees in the mill. He will indeed see as before some commodities brought in and carried out, such as the raw cotton and new machinery and the finished product ready for sale, but in general no other commodities than the cotton in its various stages of manufacture, and those like the machinery and means of transportation directly connected with transforming the cotton into cloth and taking it to market.

But he sees a host of persons both within and without the mill, all busy here and there, and all evidently bound to the establishment by a strong unseen tie of some sort; he sees varying degrees of authority and subordination in these persons from the Treasurer, the apparent head of the manufactory, down to the teamsters in the yard and the common laborers within and without; he will not find

the owners of the property present in any capacity, for they are scattered capitalists of Boston and elsewhere, who have combined through an act of incorporation their distinct capitals into a "Company" for manufacturing cotton; besides their Treasurer present, whose act is their act and whose contracts their contracts, he will see an Agent also who acts under the Treasurer and directly upon the Overseers and their assistants in the spinning and weaving and coloring and finishing rooms, and under these Operatives of every grade as skilled and unskilled; and lastly he will observe, that the direct representatives of the owners and all other persons present from highest to lowest are conspiring with a will towards the common end of getting the cotton cloth all made and marketed.

What is it that binds all these persons together? A little tarrying in the Treasurer's office will answer this question for our observer and for us. He will find it to be the second kind of Buying and Selling. At stated times the Treasurer pays the salary of the Agent, and his own. He pays the wages of the Overseers and the wages of all the Operatives and Laborers, — men and women and children. Here he finds a buying and selling on a great scale not of material commodities as before, but of personal services of all the various kinds. Every man and woman and child connected with the factory and doing its work sells an intangible personal service to the "Company" and takes his pay therefor, which last is a simple buying on the part of the unseen employers. Here, then, in this mill is a single specimen of this buying and selling of personal services, which is going on to an immense extent and in every possible direction in each civilized country of the world, and everywhere to an immensely increased volume year by year. Clergymen and lawyers and physicians and teachers and legislators and judges and musicians and actors

and artisans of every name and laborers of every grade sell their intangible services to Society, and take their pay back at the market-rate. The aggregate value of all these services sold in every advanced country is probably greater than the aggregate value of the tangible commodities sold there. At any rate, both classes alike, commodities and services, are bought and sold under substantially the same economic principles.

The inductive appetite in intelligent persons, that is to say, their desire to classify facts and to generalize from particulars, almost always grows by what it feeds on; and our supposed observer will scarcely rest contented until he has taken up at least one more stand-point, from which to observe men's Buying and Selling. Suppose now he enter for this purpose on any business-day morning the New York Clearing-House. He will see about 125 persons present, nearly one half of these bank clerks sitting behind desks, and the other half standing before these desks or moving in cue from one to the next. The room is perfectly still. Not a word is spoken. The Manager of the Clearing with his assistant sits or stands on a raised platform at one end of the room, and gives the signal to begin the Exchange. No commodities of any name or nature are within the field of view. The manager indeed and his assistant and two clerks of the establishment who sit near him are in receipt of salaries for their personal services, and all the other clerks present receive wages for their services from their respective banks, but the exchange about to commence is no sale of personal services any more than it is a sale of tangible commodities. It is however a striking instance of the buying and selling of some valuables of the third and final class of valuable things.

At a given signal from the manager the (say) 60 bank messengers, each standing in front of the desk of his own

bank and each having in hand before him 59 small parcels of papers, the parcels arranged in the same definite order as the desks around the room, step forward to the next desk and deliver each his parcel to the clerk sitting behind it, and so on till the circuit of the room is made. It takes but ten minutes. Each parcel is made up of cheques or credit-claims, the *property* of the bank that brings it and the *debts* of the bank to which it is delivered. Accordingly each bank of the circle receives through its sitting clerk its own *debts* to all the rest of the banks, and delivers to all through its standing messenger its own *credits* as off-set. In other words, each bank buys of the rest what it owes to each with what each owes to it. It is at bottom a mutual buying and selling of debts. There is of course a daily balance on one side or the other between every two of these banks, which must be settled in money, because it would never happen in practice that each should owe the other precisely the same sum on any one day; but substantially and almost exclusively the exchange at the Clearing-House is a simple trade in credit-claims. Each bank pays its debts by credits. A merchant is a dealer in commodities, a laborer is a dealer in services, and a banker is a dealer in credits. Each of the three is a buyer and seller alike, and the difference is only in the kind of valuables specially dealt in by each. In all cases alike, however, there is no buying without selling and no selling without buying; because, when one buys he must always pay for what he buys and that is selling, and when one sells he must always take his pay for what he sells and that is buying. This is just as true when one credit is bought or sold against a commodity or a service, and when two or more credits are bought and sold as against each other, as it is when two commodities or two services are exchanged one for the other.

But the Clearing-House is not by any means the only place where credits or debts (they are the same thing) are bought and sold. Every bank is such a place. Every broker's office is such a place. Every place is an establishment of the same kind where commercial rights, that is, claims to be realized in future time and for which a consideration is paid, are offered for sale and sold. The amount of transactions in Credits in every commercial country undoubtedly surpasses the amount in Commodities or that in Services.

Now our supposed observer and classifier, having noted on London Bridge the sale of material commodities, and in the Lowell Mill the sale of personal services, and within the New York Clearing-House the sale of credit-claims, has seen in substance everything that ever was or ever will be exhibited in the world of trade. He may rest. There is no other class of salable things than these three. Keen eyes and minds skilled in induction have been busy for two millenniums and a half more or less to find another class of things bought and sold among men, and have not yet found it or any trace of it. This work has been perfectly and scientifically done. The generalization is completed for all time.

The *genus*, then, with which Political Economy deals from beginning to end, has been discovered, can be described, and is easily and completely separable for its own purposes of science from all other kinds and classes and *genera* of things, namely, Salable things or (what means precisely the same) Valuable things or (what is exactly equivalent) Exchangeable things. In other words, the sole and single class of things, with which the Science of Political Economy has to do, is Valuables, whose origin and nature and extent and importance it is the purpose of the present chapter to unfold. We have fully seen already

that this Genus, Valuables, is sub-divided into three species, and three only, namely, Commodities, Services, Credits. A little table here may help at once the eye and the mind:—

	ECONOMICS.	
<i>The Genus</i>		<i>Valuables</i>
		{ <i>Commodities</i>
<i>The Species</i>		{ <i>Services</i>
		{ <i>Credits</i>

If only these three species of things are ever bought and sold, then it certainly follows that only six kinds of commercial exchanges are possible to be found in the world, namely these:—

1. *A commodity for a commodity.*
2. *A commodity for a personal service.*
3. *A commodity for a credit-claim.*
4. *A personal service for another service.*
5. *A personal service for a credit-claim.*
6. *One credit-claim for another.*

Though the kinds of possible exchanges are thus very few, the exchanges themselves in one or other of these six forms and in all of them are innumerable on every business day in every civilized country of the globe. And this point is to be particularly noted, that while buying and selling in these forms has been going on everywhere since the dawn of authentic History, it has gone on all the while in ever-increasing volume, it is increasing now more rapidly and variously than ever, and moreover all signs foretell that it will play a larger and still larger part in the affairs of men and nations as this old world gains in age and unity.

Damascus is one of the very oldest cities of the world, and its very name means a "*seat of trade.*" We are told

in the Scriptures, that Abraham about 2000 years before Christ went up out of Egypt "very rich in cattle, in silver, and in gold," and the only possible way he could have acquired these possessions was by buying and selling. He afterwards purchased the cave and the field in Hebron for a family burial-place, and "weighed unto Ephron the silver which he had named in the audience of the sons of Heth, four hundred shekels of silver, current money with the merchant." We may notice here, that there were then "merchants" as a class, that silver by weight passed as "money" from hand to hand, and that in the lack of written deeds to land, as we have them, sales were "made sure" before the faces of living men, who would tell the truth and pass on the word. Abraham indeed seems to have given the pitch for the song of trade sung by his descendants, the Jews, from that day to this; for Jacob, his grandson, was a skilled trafficker, not to say a secret trickster, in his bargains; and wherever in the Old World or the New the Jews have been, *there* have been in fact and in fame busy buyers and sellers.

But the Jews have had no special privileges in the realm of trade; on the contrary, they have always been under special disabilities both legal and social. Even in England, the most liberal country in Europe, they were exiled for long periods, maltreated at all points of contact with other people, more or less put under the ban of the Common and the Statute law, often outrageously taxed on their goods and persons, and studiously kept out of the paths of highest public employment even down to a time within the memory of living men.¹ Yet so natural is the impulse to trade, so universally diffused, so imperative also if progress is in any direction to be attained, that the English and all other peoples were as glad to borrow money,

¹ Green's Short History of the English People, p. 591.

that is, buy the use of it, of the persecuted Jews, as the latter were to get money by buying and selling other things, and then to loan it, that is, sell the use of it, under the best securities (never very good) for its return with interest, that they could obtain. Happily, the mutual gains that always wait on the Exchanges even when their conditions are curtailed, of course attended the mutilated exchanges between Jews and Christians: otherwise, they would not continue to take place.

Christianity, however, as the perfected Judaism, gradually brought in the better conditions, the higher impulses, and the more certain rewards, of Trade, all which, we may be sure, were designed in the divine Plan of the world. What is called the Progress of Civilization has been marked and conditioned at every step by an extension of the opportunities, a greater facility in the use of the means, a more eager searching for proper expedients, and a higher certainty in the securing of the returns, of mutual exchanges among men. There have been indeed, and there still are, vast obstacles lying across the pathway of this Progress in the unawakened desires and reluctant industry and short-sighted selfishness of individuals, as well as in the ignorant prejudices and mistaken legislation of nations; but all the while Christianity has been indirectly tugging away at these obstacles, and Civilization has been able to rejoice over the partial or complete removal of some of them; while also Christianity directly works out in human character those chief qualities, on which the highest success of commercial intercourse among men will always depend, namely, Foresight, Diligence, Integrity, and mutual Trust; so that, what we call Civilization is to a large extent only the result of a better development of these human qualities in domestic and foreign commerce.

Contrary to a common conception in the premises, the

sacred books of both Jews and Christians display no bias at all against buying and selling, but rather extol such action as praiseworthy, and also those qualities of mind and habits of life that lead up to it and tend too to increase its amount, and they constantly illustrate by means of language derived from traffic the higher truths and more spiritual life, which are the main object of these inspired writers. It is indeed true that the chosen people of God were forbidden to take Usury of each other, though they were permitted to take it freely of strangers, and that they were forbidden to buy horses and other products out of Egypt, for fear they would be religiously corrupted by such commercial intercourse with idolaters; but there is nothing of this sort in the law of Moses that cannot be easily explained from the grand purpose to found an agricultural commonwealth for religious ends, in which commonwealth no family could permanently alienate its land, and in which it was a great object to preserve the independence and equality of the tribes and families. Throughout the Old Testament there is no word or precept that implies that trade in itself is not helpful and wholesome; there were sharp and effective provisions for the recovery of debts; there were any number of exhortations to diligence in business, such as, "*In the morning sow thy seed, and at evening withhold not thy hand*"; King Solomon himself made a gigantic exchange in preparation for the temple with King Hiram of Tyre, by which the cedars of Lebanon were to be paid for by the grain and oil of the agricultural kingdom; chapter xxvii of the prophet Ezekiel is a graphic description of the commerce of the ancient world as it centered in the market of Tyre, a description carried out into detail both as to the nations that frequented that market and as to the products that were exchanged in it, — "*silver, iron, tin, lead, persons of men,*

vessels of brass, horses, horsemen, mules, horns of ivory, ebony-wood, carbuncles, purple work, fine linen, corals, rubies, wheat, pastry, syrup, oil, balm, wine of Helbon, white wool, thread, wrought iron, cassia, sweet reed, cloth, lambs, rams, goats, precious spices, precious stones, splendid apparel, mantles of blue, embroidered work, chests of damask, and gold"; and chapter xxxi of Proverbs describes the model housewife in terms like these, —

*"The heart of her husband trusteth in her,
And he is in no want of gain.
She seeketh wool and flax,
And worketh willingly with her hands.
She is like the merchants' ships;
She bringeth her food from afar.
She riseth while it is yet night,
And giveth food to her family,
And a task to her maidens.
She layeth a plan for a field and buyeth it;
With the fruit of her hands she planteth a vineyard.
She perceiveth how pleasant is her gain,
And her lamp is not extinguished in the night.
She putteth forth her hands to the distaff,
And her hands take hold of the spindle.
She maketh for herself coverlets;
Her clothing is of fine linen and purple.
She maketh linen garments and selleth them,
And delivereth girdles to the merchants."*

Still more explicit and instructive are the words and spirit of the New Testament. There cannot be the least doubt that the whole influence of Christianity is favorable to the freest commercial exchanges at home and abroad, because these depend largely on mutual confidence between man and man, of which confidence Christianity is the greatest promoter. It may be conceded at once that our Lord "*overthrew the tables of the money-changers and the seats of them that sold doves*" within the sacred precincts

of the temple, but this, not because it is wrong to change money or sell doves, but because that was not the *place* for such merchandising; so He himself explained his own action in the sequel; provincial worshippers coming up to Jerusalem must needs have their coins changed into the money of the Capital, and must needs buy somewhere the animal victims for sacrifice; but the whip of small cords had significance only as to the *place*, and not at all as to the *propriety*, of such trading.

One of our Lord's parables, the parable of the Talents, sets forth in several striking lights the privilege and duty and reward of diligent trading. "*Then he that had received the five talents went and traded with the same, and made them other five talents.*" And when this servant came to the reckoning, and brought as the result of his free and busy traffic "*five talents more,*" the prompt and hearty approval of his lord — "*well done, thou good and faithful servant*" — becomes the testimony of the New Testament to the merit and the profit and the benefit of a vigorous buying and selling. For this servant could not have been authoritatively pronounced good and faithful if the results of his action commended had been in any way prejudicial to others. The truth is, as we shall abundantly see by and by with the reasons of it, that any man who buys and sells under the free and natural conditions of trade, benefits the man he trades with just as much as he benefits himself. But the parable has a still stronger word in favor of exchanges. There was another servant also entrusted with capital by his lord at the same time, when the latter was about to travel "*into a far country.*" We are expressly told that distribution was made "*to every man according to his several ability,*" and thus this servant was only entrusted with a single talent, the size of the capital given to him being in just proportion to the size of the man, — the

smallest share falling of course to the smallest man. But he had the same opportunity as the two others. The world was open to him. Capital was in demand, if not in those parts then in some other, to which, like his lord, he might straightway take his journey. But when his time of reckoning came, and he had nothing to show for the use of his capital, he upbraided his lord as a hard man for expecting any increase, and brought out his bare talent wrapped in a napkin, saying, "*I was afraid, and I went and hid thy talent in the earth.*" His wise lord at once denounced this servant as "*wicked and slothful,*" insisted that his money ought to have been "*put to the exchangers,*" and said finally in a just anger "*cast ye the unprofitable servant into outer darkness.*"

It is moreover in incidental passages of the Scriptures, in which the methods of business are commended to the searchers after higher things, that we see their high estimate of those methods and gains. "*Buy the truth, and sell it not; buy wisdom and understanding*" (Prov. xxiii, 23). "*Buying up for yourselves opportunities*" (Col. iv, 5). "*I counsel thee to buy of me gold refined by fire, that thou mayest be rich; and white garments, that thou mayest be clothed; and eye-salve to anoint thine eyes, that thou mayest see*" (Rev. iii, 18). "*But rather let him labor, working with his hands at that which is good, that he may have to give to him that is in need*" (Eph. iv, 28). "*But if any one provideth not for his own, and especially for those of his own house, he hath denied the faith, and is worse than an unbeliever*" (1 Tim. v, 8).

Now, the universal test and proof of any truth is its harmony with some other truths. Does an alleged truth fall in with and fill out well some other demonstrated and accepted proposition, or a number of such other propositions? If so, then that truth is *proved*. Human reason

can no further go. The mind rests with relish and content in a new acquisition. To apply this to the case in hand, — if men were designed of their Maker to buy and sell to their own mutual benefit and advancement, if mankind have always been buying and selling as towards that end and with that obvious result, and if the Future promises to increase and reduplicate the buying and selling of the Present in every direction without end, and all in the interest of a broad civilization and a true and lasting progress; and if, in harmony with these truths, the written revelation of God in every part of it assumes that buying and selling in its inmost substance and essential forms be good and righteous and progressive, and suitable in all its ends and methods to illustrate and enforce ends and methods in the higher kingdom of spiritual and eternal Life; — then these coördinate truths will logically and certainly follow, (1) that Trade is natural and essential and beneficial to mankind; (2) that it constitutes in an important sense a realm of human thought and action by itself, separate from the neighboring realm of Giving, and equally from the hostile realm of Stealing; and (3) that a careful analysis of what buying and selling in its own peculiar nature is, a thorough ascertainment and a consequent clear statement of its fundamental laws, and a faithful exposure of what in individual selfishness and in subtle or open Legislation makes against these laws, *must be of large consequence to the welfare of mankind.*

Accordingly, let us now attempt such Analysis and Ascertainment and Exposure. This is precisely the task, that lies before us in this book — just this, and nothing more. The term, "Political Economy," has long been and is still an elastic title over the zealous work of many men in many lands; but in the hands of the present writer during a life now no longer short, the term has always had

a definite meaning, the work has covered an easily circumscribed field, and so the present undertaking concerns only Buying and Selling and what is essentially involved in that. This gives scope and verge enough for the studies of a life-time. This has the advantage of a complete sphere of its own. Terms may thus be made as definite as the nature of language will ever allow; definitions will thus cover things of one kind only; and generalizations, although they may be delicate and difficult, will deal with no incongruous and obstinate material.

1. The grandfather of the writer, an illiterate but long-headed farmer, was able to give good points to his three college-bred sons, by insisting that they look "*into the natur on't.*" What, then, are the ultimate elements of Buying and Selling? What are the invariable conditions that precede, accompany, and follow, any and every act of Trade? Of course we are investigating now and throughout this treatise the deliberative acts of reasonably intelligent human beings, in one great department of their common foresight and rational action. We have consequently nothing to do here with Fraud or Theft or Mania or Gift. Acts put forth under the impulse of these are direct opposites of, or at best antagonistic to, acts of Trade. They tend to kill trade, and therefore they are no part of trade. These, then, and such as these, aside, we will now analyze a single Act of Exchange at one time and place, — which will serve in substance for all acts of exchange in all times and places, and just find out for ourselves what are the Fundamentals and Essentials of that matter, with which alone we have to do in this science of Political Economy.

Incidental reference was had a little way back to an Exchange once made between King Solomon of Jerusalem and King Hiram of Tyre. Let that be our typical in-

stance. (a) *There were two persons, Solomon and Hiram. Those two, and no more, stood face to face, as it were, to make a commercial bargain. They made it, and it was afterwards executed. The execution indeed concerned a great many persons on both sides, and occupied a long period of time; but the bargain itself, the trade, the exchange, the covenant, concerned only two persons, and occupied but a moment of time. It made no difference with the bargain as such, with the binding nature of it, with the terms of it, with the mutual gains of it, that each person represented a host of others, subordinates and subjects, who would have to coöperate in the carrying of it out, because each king had the right to speak for his subjects as well as for himself, for commercial purposes each was an agent as well as a monarch, the word of each concluded the consent and the action of others as well as his own. Nor did it make any, the least, difference with this exchange or the advantages of it, that each party to it belonged to, was even the head of, independent and sometimes hostile Peoples. Commerce is one thing, and nationality a totally different thing. The present point is, in the words of the old proverb, — "It takes two to make a bargain." And it takes *only* two to make a bargain. When corporations and even nations speak in trade, they speak, and speak finally, through one accredited agent. We reach, then, as the first bit of our analysis of Trade, the fact, that there are always two parties to it, "the party of the first part and the party of the second part."*

(b) *There were two desires, Solomon's desire for cedar-timbers to build the temple with, and Hiram's desire for wheat and oil with which to support the people of his sterile kingdom. "So Hiram gave Solomon cedar-trees and fir-trees according to all his desire: and Solomon gave Hiram twenty thousand measures of wheat for food to his household,*

and twenty measures of pure oil." The desire of each party was personal and peculiar, known at first only to himself, but upon occasion became directed towards something in the possession of the other, and each at length became aware of the desire of the other, and also of his own ability to satisfy the want of the other. If Solomon could have satisfied his desire for timber by his own or his subjects' efforts directly, this trade would never have taken place; if Hiram or his subjects could have gotten the wheat and oil directly out of their narrow and sandy strips of sea-coast, this trade would not have taken place; and so there must be in every case of trade not only two desires each springing from a separate person, but also each person must have in his possession something fitted to gratify the desire of the other person, and each be willing to yield that something into the possession of the other for the sake of receiving from him that which will satisfy his own desire, and so both desires be satisfied indirectly.

Here is the deep and perennial source of exchanges. Men's desires are so many and various, and so constantly becoming more numerous and miscellaneous, and so extremely few of his own wants can ever be met by any one man directly, that the foundation of exchanges, and of a perpetually increasing volume of exchanges, is laid in the deep places of human hearts, namely, in Desires ever welling up to the surface and demanding their satisfaction through an easy and natural interaction with the ever swelling Desires of other men. Here too is a firm foundation (a chief foundation) of human Society. Reciprocal wants, which can only be met through exchanges, draw men together locally and bind them together socially, in hamlets and towns and cities and States and Nations, and also knit ties scarcely less strong and beneficent between the separate and remotest nationalities of the earth. It is certain

that an inland commercial route connected the East of Asia with the West of Europe centuries before Christ, and that a traffic was maintained on the frontier of China between the Sina and the Scythians, in the manner still followed by the Chinese and the Russians at *Kiachta*. The Sina had an independent position in Western China as early as the eighth century before Christ, and five centuries later established their sway under the dynasty of Tsin (whence our word "China") over the whole of the empire. The prophet Isaiah exclaims (xlix, 12), "Behold! these shall come from far; and behold! these from the North and from the West; and these from the land of *Sinim*." The second bit of our analysis leads to Desires as an essential and fundamental element in every commercial transaction.

(c) *There were two efforts*, those of the Tyrians as represented by King Hiram and those of the Israelites as represented by King Solomon. It was no holiday task that was implied in the proposition of Solomon to the party of the other part, — "*Send me now cedar-trees, fir-trees, and algum-trees out of Lebanon; for I know that thy servants are skilful to cut timber in Lebanon; even to prepare me timber in abundance, for the house which I am about to build shall be wonderfully great.*" On the other hand, the efforts insolved on the part of the people of Israel in paying for these timbers, and for their transportation by sea from Lebanon to Joppa, were equally gigantic. Solomon's offer in return for the proposed service of the Tyrian king was in these words, — "*And behold, I will give to thy servants, the hewers that cut timber, twenty thousand measures of beaten wheat, and twenty thousand measures of barley, and twenty thousand baths of wine, and twenty thousand baths of oil.*"

The reason why two efforts are always an element in

every act of traffic, however small or however large the transaction may be, is the obvious reason, that the things rendered in exchange, whether they be Commodities, Services, or Credits, invariably cost efforts of some kind to get them ready to sell and to sell them, and no person can have a just claim to render them in exchange, who has not either put forth these efforts himself or become proprietor in some way of the result of such efforts. Efforts accordingly are central in all trade. Every trade in its inmost nature is and must be either an exchange of two Efforts directly, as when one of two farmers personally helps his neighbor in haying for the sake of securing that neighbor's personal help in his own harvesting, or an exchange of two things each of which is the result of previous Efforts of somebody, as when a man gives a silver dollar for a bushel of wheat. The third bit of the present analysis brings us to Efforts, perhaps the most important factor in the whole list.

(d) *There were also two reciprocal estimates*, the estimate of King Hiram of all the efforts requisite to cut and hew and float the timber, as compared with the aggregate of efforts needed to obtain the necessary wheat and barley and wine and oil in any other possible way; and the estimate of King Solomon of all the labors required to grow and market these agricultural products, as compared with what would otherwise be involved in getting the much-wished-for timbers. Such estimates invariably precede every rational exchange of products. It is not in human nature to render a greater effort or the result of it, when a lesser effort or the result of it will as well procure the satisfaction of a desire. Efforts are naturally irksome. No more of them will ever be put forth than is necessary to meet the want that calls them forth. No man in his senses will ever put more labor on anything, with which to buy

something else, than is necessary to get that something else by direct effort or through some other exchange. Here we are on ground as solid as the very substance of truth can make it. The Jews of Solomon's time were too shrewd and sparing of irksome labor to devote themselves for years to the toils of the field and of the vat to get by traffic the materials for their temple, if they could have gotten those materials by a less expenditure of toil in any other way. Those Phœnicians of Tyre and Sidon, the born merchants of the East, the founders of commercial Carthage in the West, if they could have extorted from the reluctant sands of their coast the cereals and the vines and olives requisite for their own support with only so much of exertion as was needed to get that to market with which to buy them, would never have taken the indirect in preference to the direct method. They took the indirect, because it was the easier, and therefore the better.

It may, accordingly, be laid down as a maxim, that men never buy and sell to satisfy their wants but when that is the easiest and best way to satisfy them. It saves effort. It saves time. It saves trouble. It divides labor. It induces skill. It propels progress. But in order to determine which may be the easier way, requires constant *estimates* on the part of each party to a possible trade. Shall I shave myself or go to the barber? Before I decide, I estimate the direct effort in the light of the effort to get that with which to pay the barber for his service. If I trade with him, it is because I deem it easier, cheaper in effort, more convenient in time. Trade means comparisons in every case — comparisons by both parties — and in the more recondite and complicated cases, elaborate comparisons and often comprehensive calculations involving future time.

Now these estimates inseparable from exchanges, and

these calculations which are a factor in all the far-reaching exchanges, are mental activities. They quicken and strengthen the *minds* of men. Trade is usually, if not always, the initial step in the mental development of individuals and nations. Desires stir early in the minds of all children; efforts more or less earnest are the speedy outcome of natural desires; direct efforts, however, to satisfy these soon reach their limits; it is now but a step over to simple exchanges, by which the desires are met indirectly; exchanges once commenced tend to multiply in all directions, and the estimates that must precede and accompany these are mental states, — the more of them, the greater the mental development, the higher the education; consequently, commerce domestic and foreign is a grand agency in civilization, a constant and broadening impulse towards progress in all its forms; and Christianity, as we have already seen, is friendly to commerce in its every breath. Those, therefore, who talk and preach about Trade as tending to *materialism*, do not know what they are talking about. Because Commodities are material things, and because a portion of the trade of the world concerns itself with commodities, these shallow thinkers jump to the conclusion that trade is materialistic. *It is just the reverse.* Let us hear no more from Professor Pulpit or Platform that buying and selling is antagonistic to men's higher intellectual and spiritual culture, because the present careful analysis has brought us indubitably to mental Estimates and prolonged comparisons, which are activities of Mind, as the fourth and a leading factor among the radical elements of Sale.

(e) *There were two renderings*, King Hiram's rendering at Joppa the desired cedars from the mountains of Lebanon, and King Solomon's rendering in return at Tyre the food products grown in his fertile country. These render-

ings were visible to all men. Unlike the desires and the estimates, which were subjective and invisible; the actual exchange of the products, the culmination of the previous efforts, the stipulated renderings by and to each party, were outward and objective — “known and read of all men.” This is the reason why public attention is always strongly drawn to this particular link of the chain of events which we are now unlocking and taking apart, while other links of the series, that are just as essential, almost wholly escape observation. The ports and the markets are apt to be noisy and conspicuous, when the desires and the estimates and the satisfactions, without which in their place there would be no market-places, work in silence, and leave no records except the indirect one of the renderings themselves.

It is of great moment to note here, that each of the two parties to an exchange always has an advantage over the other, either absolute or relative, in the rendering his own product, whatever it may be, as compared with his present ability to get directly or through any other exchange the product he receives in return. Take the example in hand. Cedars and sandal-wood were natural to Mount Lebanon; there were no other workmen in those regions of country that could “*skill to hew timber like unto the Sidonians*”; the Mediterranean afforded a level and free and easy highway from its northern coast to the Judean seaport at Joppa; and all these natural and acquired facilities put King Hiram into a posture of advantage in the rendering of timber, not only over the Jews, but also over all the other peoples in the basin of the midland sea. Still this advantage, great as it was, could only be made a real and palpable gain to themselves, the proprietors of the timber, by means of some exchange with somebody else, by which some wants of their own greater than their present want