of timber, could be supplied by means of the timber. They had more of that commodity, and more skill to fashion and transport it, than their present and immediately prospective needs could make use of; and the only way in which they could practically avail themselves of their advantages, was, to sell their surplus timber and buy with it something that they needed more. Otherwise their very advantage perished with them. God has scattered such a diversity of blessings and capacities and opportunities over the earth on purpose, that, through traffic, on which his special benediction rests, the good of each part and people may become the portion of other parts and peoples.

So, on the other hand, of the southern neighbors of the Tyrians. There the earth brought forth by handfuls. There was an abundance of corn in the land, even to the tops of the mountains. Its fruit did indeed shake like Lebanon. But there were no cedars there, no fir-trees, no sandal-woods. How short-sighted, then, and futile, would it have been for the Jews, to try to hang on in their own behoof to all the natural advantages that God had given to them, and to say, We will not part with the direct results of any of them, we will build treasure-cities as they did in Egypt, we will store up all the fruits of these fat years against the possible coming of some famine years in the time to come. That is anything in ordinary times but the divine plan. It is anything but the letter and spirit of the divine injunction: "*Him that keepeth back corn the people curse; but blessing shall be upon the head of him that selleth it*" (Prov. xii, 26). Had they talked and acted thus, no temple could then have been built in Jerusalem, and the people of that generation would have lost the moral and religious impulse and uplifting of their service and sacrifice. Their grain would have become worthless from its very abundance, and would have decayed on their

hands. They would have missed a great gain for themselves, and would have snatched away from their neighbors to the northward a providential opportunity for an equal gain.

The general truth must not be lost sight of here, even in passing, that all trade whatsoever is based upon a Diversity of relative Advantage as between the parties exchanging products. If, for example, the Hills of Judah and the Mountains of Israel had been covered with timber suitable for building the temple, and the coasts of Tyre and Sidon and the foot-hills of Lebanon had been fertile stretches of arable land, this particular trade would never have been thought of and could never have been realized. There would have been no gain in it for either party, and unless there be a valid gain for both parties at least in prospect, no trade will ever spring into being, because there would be no motive, no impulse, no reason, in it. Unless the Jews could get the timber easier by raising grain to pay for it, and the Tyrians get the oil and wheat and barley easier by cutting and floating timber to pay for them, — no trade; but the greater easiness to each actually came about, because each had an Advantage both natural and acquired over the other in his own rendering, and the mutual gain of the trade was wholly owing to that circumstance. So far as that matter went, the Tyrians had no cause to envy their neighbors the superior soil of the south, for they reaped indirectly but effectively a part of those harvests for themselves; and the Jews had no reason to be jealous of their northern neighbors on account of the noble forests crowning their mountains, because through trade they secured easily to themselves a share of that vast natural advantage. Diversity of Advantage both natural and acquired is the sole ground of Trade both domestic and foreign; and consequently by means of trade the peculiar advantages of each are fully shared in by all.

It is perhaps less obvious but surely equally true, that the greater the relative diversity of advantage as between two exchangers, the more profitable does the exchange become to each. If the Vale of Sharon had been twice as fertile as it was, and the cedars of Lebanon twice as large and lofty as they were, the easier and better would Israel have gotten its timber, and the more secure and abundant would have become the food of Tyre and Sidon; and, therefore, the more unreasonable, or rather the more absurd and wicked, would have been any envy or jealousy of either of the superior advantages at any point or points of the other. So universally. By the divine Purpose as expressed in the constitution of Nature, in the structure of Man, and in the laws of Society, Trade in good measure and degree imparts to each the bounties of all, arms each with the power of all, and impels each by the progress of all.

One other important matter is closely connected with these two Renderings, which is the fifth bit in succession of our present analysis, namely this, that traffic renderings always make necessary new and better routes of travel and transportation. It is mainly for this reason, that persons and things have to be carried to distances less or greater in order to consummate these Renderings of home and foreign commerce, that roads by land and routes by sea have been sought for and found, made and made shorter, improved as to method and facilitated as to force, from the dawn of History until the present hour. It was to get the goods of India, and so find a market for the goods of Europe, that the earliest land routes between the two were tried and maintained. The ground-thought of Columbus, meditated on for years, was to discover a new commercial way to India; Magellan with the same intent sailed westward through the Straits that wear his name,

and so circumnavigated the globe; repeated searches mainly with the mercantile view, never long intermitted, have attempted ever since the North-West or the North-East passage to India; Vasco da Gama in 1497 boldly accomplished the East passage, and thus changed for all the Continents the channels of trade; the West now trades with all the East through the Suez Canal, dug for that express purpose; and the words, "Panama" and "Nicaragua" are upon everybody's lips, simply because through Central America is the shortest and safest route for men and goods to and from all the Oceans.

Quite recently Dr. W. Heyd has announced through the Berlin Geographical Society the discovery of two commercial routes from India to the West not hitherto described. Trebizond (on the Black Sea) and Tana (at the mouth of the Don) were the chief distributing points. Through Tana passed westward the pepper and ginger and nutmeg and cloves; and the price of spices is said to have doubled in Italy, when the Italians were for a time shut out of Tana in 1343. The chief overland route from India to Tana ran through Cabul to Khiva by the Oxus, and then by land through Astrakhan. The other route to Trebizond passed through Persia, and came out by Tabriz to the Black Sea. It may perhaps be pardoned, if a far homelier, more modern, and even local, illustration be given of the present point, that trade makes roads. The western wall of Williamstown is the mountain range of the Taconics, whose general height is about 2000 feet above tide water at Albany. Within the limits of this town are four natural depressions or passes over this range, which is also the watershed between the Hoosac River on the east and the Little Hoosac on the west. About the beginning of this century, the population was quite sparse in both these valleys, while the impulse to travel and traffic over the barrier

was sufficient to build (wholly at local expense) wagon roads over each of the four passes, one of which soon after became a turnpike between Northampton and Albany; and another was built mainly to accommodate the medical practice on the west side of the mountain of Dr. Samuel Porter — a Williamstown surgeon of local eminence. So soon as railroads were constructed to run down these parallel valleys (railroads themselves are perhaps the best illustration of the point in hand), the mountain roads were relatively deserted, and only two of them are now open to transient travel.[1]

Lastly, (f) *There were two satisfactions*, the satisfaction of the southern king in actually obtaining the excellent timbers, without which the cherished national temple could not have gone up; and the satisfaction by the northern king in the easy receiving of the abundant food products for the daily maintenance of his court and kingdom. The simple story of these commercial transactions between Jew and Tyrian indicates clearly enough, what might have been anticipated and what always happens in such circumstances, not only a mutual satisfaction at the completion of each specific exchange, but also a general relation of contentment and peace in consequence of advantageous commercial intercourse. "*And Hiram, king of Tyre, sent his servants unto Solomon; for he had heard, that they had anointed him king in the room of his father; because Hiram was ever a lover of David. And it came to pass, when Hiram heard the words of Solomon, that he rejoiced greatly, and said, Blessed be the Lord this day, which hath given unto David a wise son over this great people; and there was peace between Hiram and Solomon; and they two made a league together.*"

[1] See on this general topic, Mommsen's Provinces of the Roman Empire, *passim*.

It is plain to reason and to all experience, that mutual Satisfactions are the ultimate thing in exchanges. Our present analysis can go no further, for the reason, that we have now reached in Satisfactions the end, for the sake of which all the previous processes have been gone through with. Persons do not engage in buying and selling for the mere pleasure of it, but always for the sake of some satisfactions derivable to both parties from the issue of it. Ordinary self-inspection and foresight and industry being presupposed, the issue of exchanges is just what was expected by the two persons, the satisfaction of each follows as a matter of course, and stimulates to new exchanges in ever-widening circles.

Since the desires of all men, which the efforts of other men can satisfy through exchange, are indefinite in number and unlimited in degree, there is no end of human Satisfactions to be reached along this road of reciprocal trade; and since the very object of all trade and the actual result of all trade (the exceptions are infinitesimal) is to multiply and reduplicate continually mutual Satisfactions among men; we can see right here what a loss and wrong it is, what a wanton destruction of possible human happiness it is, what a bar to progress among men in comforts and powers it is, for nations to impede and to prohibit commerce by legislation! As we shall see more fully in a later chapter, Governments can have no moral or constitutional right to restrict the trade of their people, except in the sole interest of revenue or health or morals.

Such is the constitution of the universe, that a really good thing is usually cognate with and inseparable from a good many other good things. Buying and selling, as we have now clearly seen, springs right out of the nature of men in the circumstances in which they are providentially placed on the earth, and ends in the satisfaction of

innumerable wants common to all men. This makes trade a thoroughly good thing in itself; and consequently it is intimately associated with many other good things. The scriptural instance, that we have been examining, gives a neat illustration of this: "*and there was peace between Hiram and Solomon; and they two made a league together.*" The mutually profitable exchange of commodities led to a feeling of amity between the two neighboring kings; the feeling of amity led to a treaty of Peace between the two adjacent nations; and the "*league*" so ratified not only kept out war from their borders, but also permitted the unhindered continuance of profitable exchanges between them.

So it is always. Peace waits on Commerce. Good-will among the nations is strengthened by the ties of interest and profit among their citizens. The mercantile classes as such are always averse to war, because war is the natural enemy of exchanges. Thus traffic leads to peace and tends to maintain it, and peace preludes increased prosperity, and commercial prosperity under freedom is wholly friendly to mental and moral progress, and Christianity walks before and all along this line of individual and national blessing. The commercial treaty of 1860 between France and England has tended powerfully, perhaps more powerfully than any other single cause, to keep those formerly inter-belligerent nationalities in peace and amity ever since.

We will now put into a little table the final results of the present analysis of Buying and Selling. The ultimate elements seem to be these:

1. *Two Persons.*
2. *Two Desires.*
3. *Two Efforts.*
4. *Two Estimates.*
5. *Two Renderings.*
6. *Two Satisfactions.*

The thoughtful reader will note in this table the fact, that three of these elements are objective, that is, outward

and visible; and the other three are subjective, that is, inward and invisible. Persons, Efforts, Renderings, are seen and known of all men; Desires, Estimates, Satisfactions, can be directly known only to the persons who feel and make them. This is a peculiarity of Political Economy, that has been far too little observed even when it has been observed at all. Objective and subjective elements in it meet and mingle in each transaction. Indeed, they alternate, as is shown in the table above: first a Seen, and then an Unseen, Element throughout. It is this commingling of outward and inward, visible and invisible, that makes all the difficulty and gives all the fascination in Political Economy. Whatever carries us into the steady though billowy play of universal human nature is at once difficult and fascinating.

Quite contrary, however, to a common impression, the *certainty* both of action and prediction in all the other Sciences as well as in Economics lies rather in the unseen elements than in those that are seen. Take for an example the calculation of an eclipse: it is not so much from what is visible in the heavens and on the earth that the astronomer infers and predicts to the instant the shadow of one orb thrown upon another, as it is from the wholly hidden but ever-enduring forces of gravitation constantly relating these orbs one to the other. So it is of the Sciences generally; progress is made in them and certainties are reached in connection with them, "*while we look not at the things which are seen, but at the things which are not seen; for the things which are seen are but for a time; but the things which are not seen are everlasting.*" Invisible Desires and Satisfactions felt in connection with Exchanges are among the most constant elements of human nature; they, as it were, give birth to the relatively more transient (though visible) data of Efforts and Renderings; while

inferences and conclusions and even predictions may be securely drawn from all of these, giving a solid ground for Political Economy to stand on, — almost as solid as the ground of the chief Physical Sciences.

2. We will next examine the inmost nature and the outward manifestations of *Value*. "Value" is by much the most important word in the Science of Economics; and we must, therefore, comprehend it thoroughly, root and branch. Nearly all the writers in English have used in place of this the word "Wealth" and those in other languages some equivalent and equally concrete word; but the present writer fully satisfied himself some twenty-five years ago, that it is impossible to use that word to any advantage in economical discussions, owing to its inherent ambiguities and concrete associations in the minds of men. He utterly discarded the word at that time, and has found not the least occasion to pick it up again since, and believes now that his substitution of the word "Value" in place of it will ultimately be seen to have been his greatest contribution to that Science, to which he devoted his life.

Even professed and excellent logicians, like John Stuart Mill, found the word "Wealth" an insoluble element in the science of Economics; he commenced his great work by writing, that it was not really needful to *define* the word which nevertheless he laid at the foundation of his discussions, that "every one has a notion sufficiently correct for common purposes of what is meant by Wealth"; he goes on, however, to give at least a half-dozen definitions of the word, no two of which are at all consistent with each other, only one of which embodies a clear and scientific conception, and even to this one he himself does by no means coherently adhere throughout his treatise. No wonder, that this great man died thoroughly dissatisfied with his own work in Economics, and wishing for longer

life in which to recast and improve it! No wonder, too, that the crowd of writers both English and American, many of them able and thoughtful and otherwise logical, who have been content to continue to use this irreducible and utterly unscientific word at the bottom, have made a mess of it!

In dropping the word, "Wealth," accordingly, Political Economy has dropped a clog, and its movements are now relatively free and certain; and it is all the more incumbent on the Science for that very reason to define the good word that it substitutes for a bad one with absolute clearness, to explain it through and through until it become quite transparent, and then always to use it in its defined and economical sense, and none other, even though the same word be properly enough used in other senses in common speech and in other than scientific relations. Exactly that is what we are now going to attempt to do in a simple and consecutive order.

(a) Perhaps it will help us to find out precisely what Value *is* by seeing as clearly as possible at the outset what it is *not*. It is not *easy*, and never can be made so, to teach and to learn distinctly what Value is in its ultimate nature and constant changes. Here is the one unavoidable difficulty that lies at the very threshold of Political Economy; and this difficulty, which is not found as in the case of "Wealth" in the meaning of the word but in the complex character of that which the word describes, once overmastered, and one walks thereafter with ease and pleasure throughout the economic domain. It would be wrong and cruel to deny that just here is one hard place in the road for teacher and pupils to get over. It arises wholly from the nature of the subject, as we shall soon see, and not at all from the insufficiency of the word, Value. We have already seen fully, that Buying and Selling in each and

every transaction is complex and relative, involving twelve elements every time; that Desires and Estimates and Renderings are especially relative, — each party to a trade desires something in possession of the other, estimates that something relatively to something in his own possession, and finally renders to the other his own something for the sake of receiving the other's something. Now everybody is used to all this and practically understands it perfectly, but it is complicated and reciprocal nevertheless, and Value, which is the single birth of the two Renderings, though perfectly intelligible to him that takes pains, is not a thing to be seized once for all at a passing trot.

Value, then, is *not* a quality of single things, belonging to them as if by nature, as hardness is a quality of a rock or gravity is an attribute of gold; because all physical qualities in physical things, all that which makes or helps to make anything such as it is, may be learned by a study of the things themselves by themselves; a careful examination and analysis of the mechanical and chemical properties of any physical thing will discover all its distinguishing characteristics, all that makes it that particular thing in distinction from all other things; but it is plain already, that the *Value* of anything (if it have value) cannot be found out by studying that particular thing by itself alone; the questioning of the senses however minute, the test of the laboratory however delicate, can never determine how much anything is *worth*, because that always implies a comparison between *two* things, or more strictly a comparison between two Renderings in exchange. Value is not an attribute of single things: not even if the things be physical and tangible.

Now two other kinds of things are bought and sold besides physical and tangible things, namely, personal services and commercial credits; and it is very plain, that

Value cannot be a quality of any one personal service rendered, as looked at by itself, such as the service of a physician towards a fever patient, because the service in and of itself might be the same whether rendered to his own child or the child of one of his patrons, while in the former case there would be no value, and in the latter there would be; and so too the very name "commercial credit" implies an exchange of two Renderings, out of which Value always emerges, and not at all an attribute of one credit considered by itself. Value is no more a characteristic of single intangible services and claims than it is of single intangible commodities rendered.

And what makes all this still more certain is, that Value even in physical things, and perhaps still more in services and claims, is all the while changing under demand and supply, now rising and then falling, while the physical properties of things, that make them what they are, are fixed and unchangeable. A gold eagle, for example, has certain primary qualities as gold, without which it would not be gold; it is hard and heavy and colored: gold is gold the world over and in all ages: Value is not one of these primary qualities, nor even a secondary quality, nor any quality at all, of gold as such; because circumstances are readily conceived and have often occurred, in which gold has no Value even in exchange; for instance, among a crew abandoned at sea, a bag of gold belonging to one of the sailors might not buy even a biscuit belonging to another; all the natural qualities of the gold are present, — it is still yellow and weighty and solid, — but its Value has escaped altogether. Gold is always 19 times heavier than water: specific gravity is a *quality* and is constant in all physical things: Value is not a quality in this sense at all, inasmuch as it is something that is constantly changing, rising or falling, and not infrequently disappearing altogether, leaving no sign.

Ignorance of this vastly important truth has pecuniarily ruined thousands upon thousands of the people of this country during the last 20 years. They have gone into the mining of metals, gold and silver and copper, sometimes as individuals and more often as companies gathering in the driblets of investors, under the notion that if they could only get these metals out of the ground their Value would be just as secure and fixed as their physical qualities. They found out their mistake in bitterness of spirit. For example, the Value of an ounce of silver has gone down and down and down as the quantity of silver excavated has increased under zealous digging, in accordance with the universal and pitiless law of Supply and Demand. So of copper. And both these great monetary interests went to Congress and secured the passage of laws designed to lift artificially the Values that were sinking naturally under increased Supply, the silver men by a law requiring the United States to buy and mint at least $2,000,000 in silver each month whether the silver dollars were needed or not, and the copper men by a law imposing a tariff-tax on foreign copper that has actually lifted the price two cents a pound on the average of the whole 20 years above the average price of copper in the markets of the world.

Take another illustration of disappearing Values, this time in lands, long supposed to be the most stable in value of all human possessions. Whole tiers of farms in the writer's native town in New Hampshire, and for that matter all over New England as well, that in his boyhood supported large families, and when sold usually brought a fair price, are now abandoned of their owners as wholly or comparatively worthless, and are allowed to grow up into forest again, without a sign of present human habitation upon them. Value is something that needs to be studied carefully, if it is to be fully understood.

(b) Perhaps the origin of the word, "Value," will throw some light upon its nature and changes. Etymology can never be safely despised in scientific discussions, although words are perpetually changing their meaning in the mouths of men. No science can afford to build upon the transient meaning of a word; and yet it is clearly possible so to use words as to reach and describe ultimate and unchanging facts in science; and some knowledge of the original meaning of words is always a help in getting at those definitions and analyses of facts that are permanent in science. Let us hold fast to the cheering truth exemplified on all sides of every science, that a just analysis and exact description of ultimate facts in any department of knowledge are for all time, in spite of the transient meaning of current words.

The present word is derived from the Latin VALERE, *to pass for, to be worth.* There is a strong hint of a *comparison* in the original meaning of the word, and the current use of it both in Latin and English develops the hint into a certainty. In common language, when the Value of anything is asked for, the answer always comes in the terms of something else. If the question be, How much is it worth? the answer is, So many dollars or cents. Now the cents or dollars are very different things from those whose value is thus inquired after; and so we see again from another point of view that Value is a relative matter, since it clearly implies a comparison between two distinct things; and, if so, it is clearly enough not a quality of any one thing, and of course it would be useless to try to ascertain the Value of anything by a study of that thing alone. Etymology thus easily brings us up to our present vital question, and will assist us to solve it completely.

(c) *What is Value?* Plainly it is the result of a comparison instituted between two things, using the word, "things," here in its broadest sense. But who institutes

the comparison? And who is competent to announce the result of it in Value? A comparison is required in order to ascertain the length of a stick of timber in feet and inches, and a carpenter's square is the instrument by which the comparison is made, and it makes no difference in the result whose the square is or whose the stick of timber is, since the square and the stick have in common the physical quality of length, and a simple comparison of square with stick determines the length of the latter, and one man in this case may determine the result by himself alone, and it is not needful that he be the *owner* of either of the things compared.

But it is a different kind of comparison from this that issues in Value. Let us suppose an exchange of a bushel of wheat for a mason's trowel: there is no common physical quality, as length, between the wheat and the trowel; and it is evident, that no *one* man can measure in any form one of these two commodities by means of the other. It is a peculiar kind of comparison that is involved in any and every trade; and the first peculiarity of it is, as we have already seen in another connection, that it always requires "two persons" to make it; and each of the two persons must always be the virtual *owner* of one of the two things exchanged. A thief may indeed go through the motions of selling a stolen horse, but as he is not the owner of the horse there can be no sale, and the actual owner may take his horse wherever he finds it even in the hands of an innocent third party. In other words, there must ever be "two efforts" also, two legitimate efforts giving a valid claim of ownership to each of the two parties in the exchange.

And there is a second distinctive peculiarity in that comparison that ends in Value, namely, the two things to be exchanged are not compared directly with each other

at all, as square and stick are compared, but in the light of the "two desires" with which we are already familiar, and in that of the "two estimates" resulting therefrom. The owner of the wheat desires a trowel, and the owner of the trowel desires a bushel of wheat; the former estimates the effort it has already cost him to procure the wheat in a sort of comparison with the effort that it would otherwise cost him to procure the trowel, and he does not trade unless the trowel seem more and better to him than does the wheat; the latter estimates the effort it has cost him to procure the trowel in a sort of comparison with the effort it would cost him to procure otherwise the wheat that he wants, and he does not trade unless the wheat then and there seem more desirable than the trowel, which he already has; and these two relative estimates of the two owners must *coincide*, that is, the owner of the wheat must think more of the trowel than of the wheat, and the owner of the trowel must think more of the wheat than of the trowel, before these two parties can ever trade. So of all traffic whatsoever.

Now the third and last distinctive peculiarity of that kind of comparison out of which Value emerges is this, — an *action* is necessary in order to complete the comparison. Desires and estimates may have been never so busy, but no Value can ever be born until an outward action takes place in the "two renderings" of our former analysis. Then first we come out upon plain and solid ground. We leave the play of the subjective elements, which yet are essential in the premises, and touch firmly objective realities. *The trowel-maker passes over his tool in the sight of men to the wheat-grower in firm possession and ownership, and takes in return for it from him the grain, which the latter passes over to the former for the sake of receiving the trowel.* The two "satisfactions" follow as a matter of course, and

that whole transaction as a commercial exchange and as the sole subject of Political Economy is ended.

But where is the "Value," of which we have been in search? The answer is easy and certain and unevadible. *The Value is in the Renderings, and nowhere else.* The value of the trowel is the wheat, that is actually given in exchange for it; and the value of the wheat is equally the trowel, for the sake of getting which the wheat was rendered. What was the Value of King Hiram's cedar-timbers? The oil and wheat actually returned in pay for them. What was the Value of the oil and wheat sent northward by King Solomon? The timbers rendered in direct exchange for the same. This is not merely the only possible answer to the question, *What is Value?* but it is also a perfectly complete and satisfactory answer. Common language here corresponds exactly with scientific language. "How much did the horse cost?" "One hundred dollars." The dollars have nothing whatever in common with the horse, except that they express his Value at the time; the horse has nothing in common with the dollars, except that it expresses the Value of the dollars at the time. It is just as exact to say, it means precisely the same thing to say, the dollars are worth the horse, as to say, the horse is worth the dollars.

In general terms, the Value of anything is something else received in return for it, when each owner renders the one *for the sake of* getting the other. This is the whole of it, so far as any specific valuable thing is concerned. We shall indeed need after a little, and shall have no trouble in finding, an abstract and universal definition of "*Value*," as an abstract and scientific term perfectly circumscribing the field of Economics. Here and now we are dealing with the simpler concrete question, What is the value of any specific valuable thing? The unvarying answer is,

Some other specific valuable thing already exchanged for the first! There may be expected value, estimated value, but actual value there is none, until a real exchange has settled how much the value is. The value of anything is something else already exchanged for it. Value is not simply a relation subsisting between two things, the result of a careful comparison between them, but rather an actual fact established in connection with them. The universal formula of Value is *quid pro quo*, in which formula *quid* stands for one of the valuables and *quo* for the other, and *pro* unfolds the motive of each owner for the reciprocal receiving and rendering.

Here a caution is needful. Because nobody can tell what the value of anything is until something else has been put over against it in order to get it and actually received therefor, and because the only possible way to express the value of either is in the terms of the other, — the trowel is worth the wheat and the wheat is worth the trowel, — one must not therefore jump to the conclusion that the value of either is settled for all time or even for any future time. It is only settled for *this* time. In Economics as in Christianity, Now is the accepted time. There is nothing fixed in Values, and never can be from the nature of the case, because Desires are personal to individuals, and Efforts fluctuate with times and persons, and Estimates that wait on these vary from necessity, and the Renderings of to-day may not be the chosen renderings of other persons in the same articles to-morrow. Value is not a quality at all, still less is it a permanent quality, of anything; it is a relation established between two things when these are in the hands of two given persons; but now when these are in the hands of two different persons, whose views are pretty sure to differ from the former, and a new relation is sought to be established between these in

the old way of Estimates, is it strange that a new balance is struck, and Value is expressed in quite different terms?

One of the chief charms of Political Economy is the open secret, that it deals not with rigidities and inflexible qualities and mathematical quantities and the unchanging laws of matter, but with the billowy play of desires and estimates and purposes and satisfactions, all of which are mental states, and all of which are subject in the general to ascertainable laws, though laws of a quite different kind from those of Mechanics. Values come and they go. Within certain limits and under certain conditions they may be anticipated and even predicted, but never with the precision of an eclipse or the result of a known chemical combination. There is a useful and fascinating Science of Value, as we shall see indubitably by and by in the present chapter; but it is a science that deals primarily with *persons* and only secondarily with *things*, with mind and not with matter, with the general undulations of the sea and not with the crests of the waves. And all this is so, because Values are relative, because the announcements in the market-place to-day may stand listed differently to-morrow and very differently next year, and because old values may disappear altogether and many new ones come in, all in accordance with the incessant changes in the wants and labors and fashions and projects of men.

We are now in a good place to see once for all the sharp distinction there is between Utility and Value. These two are often confounded to the deep detriment of our Science; and no clear thinking is possible in Economics without drawing this line sharp, and then holding it fast; for the hazard of this confusion is all the greater, because Utility is always connected with Value, although it is a totally different thing from Value. We will see. Utility is the simple capacity of anything to gratify the desire of

anybody. This is at once the etymological as well as the popular signification of the word. It is derived from the Latin *utor*, to make use of, a word that is often conjoined in Latin with *fruor*, to enjoy; so much so, that the two verbs are often put together, *utor et fruor*, and also often without the conjunctive, *utor fruor*. Utility, then, is a quality of innumerable things. Anything that is *good for* anything, anything *useful*, anything that has the power to still *the desires* of any person, has Utility. But multitudes of things that have this capacity to gratify human desires are never bought and sold, and therefore can have no Value, since nobody will give anything for them. The air we breathe, the water we refresh ourselves with from spring or brook, the light of the sun and moon and stars, the fragrance of the flowers, the mountain prospect that delights the eye, — all these, and thousands more, possess the highest utility, but no value whatsoever. They are free. They are the bounty of God. They are never bought and sold. They are a vast class of things by themselves, with which Political Economy as such has nothing to do.

Nevertheless the element of Utility comes into every case of Value, because the element of Desire comes into every case of Value, and whatever merely satisfies the Desire of any person is Utility, whether that capacity be the direct gift of God or whether the Efforts of men have been employed to bring it about. It is just here that we see the precise function of our "two efforts" in each case of Value, in distinction from mere Utility in all cases: much of utility is absolutely free, no effort of men having been put forth to secure it, for example, the fragrance of the wild rose; much more of utility is the commingled bounty of Nature and the gratuitous effort of men, for example, the fragrance of the domestic rose brought by the householder himself into his own yard for the gratifi-

cation of his own family; while by much the most of utility is commingled free gift of God and the compensated efforts of men, for example, the fragrance of the bank of roses cultivated and cared for by the hired gardener. It is important for our purposes to discriminate carefully the three kinds of Utility: (1) what is wholly disconnected from the efforts of men, and comes freely from the hand of God; (2) what is mingled with the unpaid efforts of men, so that the satisfaction of the desire comes partly from Nature and partly from unbought effort; and (3) the compound utility that is partly free gift and partly the result of compensated labor. The last is the only kind of Utility that stands in any connection with Value.

And even this is very different from Value. Utility in all three of its forms — now free, now onerous, now partly bought — is always a quality of one thing by itself, going straight to the satisfaction of some desire, and there an end. It is simplicity itself compared with Value, which is always a resultant of several things, and is specifically a relation of mutual purchase established between two "renderings," each of which expresses the value of the other, in each of which is embodied an "effort" made by each of the two "persons" rendering, and each of which excites a "desire" and an "estimate" before being passed over in ownership to another, and a "satisfaction" afterwards.

The utility in every valuable rendering comes partly from free Nature and partly from compensated effort, but it is remarkable, that a principle, with which we are to become very familiar later on, namely, Competition, eliminates for the most part from all influence upon Value that portion of the Utility that is the free gift of God. The great Father never takes pay for anything, and never

authorizes anybody to take pay in his behalf; and, moreover, has arranged things so, that it is exceedingly difficult for any person to extort anything from another person on the strength of anything that God has made, and man has not improved. Take, for example, ten horses of any general grade, brought into the same market by their ten owners for sale. These men did not make these horses, but they have cared for and trained them, or at least have become proprietors by purchase or otherwise of the results of such care and training. The Utility in each horse is compound, consisting partly of what God has done for him and partly of what man has done for him, — the two parts inextricably interwoven, — and all ten are offered now for sale. Each of the owners would indeed be glad to get something for his horse on the ground of what God has done to make him sound and strong and fleet, in addition to a fair compensation for what he (and his predecessors) has done in raising and breaking him; but the cupidity of all is likely to be thwarted by the ultimate willingness of some to sell their horses for a price covering the element of human "efforts" involved, and the action of these tends to fix a general rate for the whole ten, and thus the gratuitous element is eliminated from influence on Value. Even if the ten owners should combine for a higher price, there are doubtless a plenty of horses of that general grade elsewhere, some of whose owners are content to get back an equivalent for their own and others' "efforts" expended on their horses; and so the action of these tends to fix the general price for horses of that kind for that time and place at a point not above a fair estimate of the onerous human elements involved; thus throwing out by the action of competition all effect of natural Utility upon the Value of horses then and there. So of all other products of that kind.

It is true, that in certain unique cases, in which competition has little or no play, because there is only one or a very few owners of such unique products, one cannot certainly say that free Utility may *not* influence the Value to lift it above the gauge of human efforts involved; but such cases are rare, and relatively unimportant; and the tendency is immensely strong, under the natural and beneficial condition of things, for Values to graduate themselves through the reciprocal estimates and renderings of commerce, down to the actual and onerous contribution of *men* to that Utility that underlies Value.

Thus we are brought again and again from differing points of view to the "two renderings" as central and determinative in Value, and also more specifically to the "two efforts" of persons rather than any free contribution of Nature as constituting that portion of the compound Utility, whose function it is to gratify the "two desires" that precede the realization of Value, — that portion of the utility in any rendering that must be *compensated for* by the other rendering. Now in order to reach in a moment more our final definition of "Value," a definition, it is believed, that will cover all the cases and take the life out of endless disputes, we need a scientific term to carry easily and exactly the meaning of any economic *rendering*. Let that word be SERVICE. We must have it in its generalized meaning, to cover the renderings of all the three kinds, in distinction from the term "personal services," which we have already used and shall continue to use to designate one class only of things exchanged, in contradistinction to "commodities" and to "credits," the other two classes.

VALUE IS THE RELATION OF MUTUAL PURCHASE ESTABLISHED BETWEEN TWO SERVICES BY THEIR EXCHANGE.

We offer this definition of "Value" to our readers in much confidence, that they will find it exact and adequate

and altogether trustworthy. No one of them, however, is precluded from attempts to improve it in breadth and brevity and beauty; and all are invited to pick logical flaws in it, whether of ambiguity or superfluity or deficiency. Many minds and many hands in many lands have left their impress on parts of this definition, for example, Aristotle in Greece and Bastiat in France and Macleod in Great Britain; the present writer thinks, that he has bettered the definition of Bastiat, namely, "*Value is the relation of two services exchanged*," by precisely *defining* the relation as one of mutual purchase; and he is sure, that he has improved the definition of Macleod, namely, "*The value of any economic quantity is any other economic quantity for which it can be exchanged*," by making his definition at once more abstract and more general and more definite, and also by escaping the slight implication in the word, "quantity," that only material things are exchanged in economics.

The immense importance of securing *first* a clear and correct Definition of "Value," which is the foundation-word and the circumference-word of Political Economy, and *then* of using that term and all other scientific terms in the Science in their defined senses only, will certainly be appreciated by those who have wandered in the wide wilderness of the discussions on the undefinable word, "Wealth," and especially by those who have reflected most upon the vast and illimitable significance of economic Exchanges on the welfare of mankind. Associate Justice Miller of the Supreme Court of the United States, not an Economist in the technical sense, referred in 1888, in words that are worth remembering, to "*the philosophical maxim of modern times, that of all the agencies of civilization and progress of the human race commerce is the most efficient*." In August of that year John Sherman of Ohio,