

CHAPTER VIII

BARTER, TRADE, OR COMMERCE

In a previous chapter, on "co-operation and division of labour," we pointed out that the reciprocal exchange of services is the essential, animating principle of all co-operation, of all social life; that, when living in social union with his fellows, the individual renders service in the expectation of being able to command counter-services. In other words, practically he places his labour force, his natural and acquired abilities, at the command of the community in the anticipation of thus being able to share in the gratifications at its disposal.

Now, in all cases these gratifications are dependent on the natural resources at the command of the community, and on the capabilities, knowledge, and energy of those composing it. For they consist either in the enjoyment of the free gifts of Nature at the disposition of the community; in the command of the special services of those qualified to render them, such as actors, divines, musicians, physicians, schoolmasters, lecturers, etc.; and in the use or consumption of the enjoyable or serviceable commodities at its disposal. Hence, the sum of these gratifications will be greater or less according to the richness of the natural outlets to its activities, and to the skill, knowledge, and industry of its members. As Adam Smith expressed it in the opening sentences of his celebrated work: "The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consists always either in the immediate produce of that labour, or in what is purchased with that produce from other nations." This simple, self-evident truth should require no amplification; and yet if thoroughly appreciated, it would in itself be sufficient to expose the fallacy of many popular beliefs concerning the advantage of restrictions on trade, which still do so much to embitter the relations and hinder the industrial development of many great nations. However close the relations of any two communities, the one will not normally place the proceeds of its industry at the disposition of the other without some return; moreover, unless both, parties to the transaction are benefited, there will be no trade, no exchange of services or of commodities. If a community of ironworkers did not want corn, they would not toil to provide a community of corn-growers with iron or iron implements; and if the corn-growers did not require iron or iron implements, they would not toil to provide the iron-workers with corn. Hence, for the material gratifications at its command, each separate community is entirely dependent on its own natural resources and industry; for in all cases they consist either in the immediate produce of its own labour, or in what is purchased with that produce from other communities. If some of its members, able and willing to work, are not enabled to participate in such gratifications, this can only be due to internal causes, to causes

determining their distribution within the community itself. And this cannot be rectified, though it may certainly be intensified, by any restrictions on the exchange of services or commodities between individuals or communities.

The desires of men are many, varied, and practically unlimited; for old desires once satisfied, new ones spring into existence, and, from mere force of habit, soon become as urgent as the old. This it is that continuously spurs mankind to fresh exertion, impelling them to improve their industrial methods, urging them forward in that path of material progress which is the most marked feature of our present civilisation. So long, however, as the whole labour force of an individual is absorbed in the struggle to secure a sufficient supply of the necessaries of life, it will be obligatory on him so to expend it. It is only when all his energies are not thus engrossed that the gratification of other desires, that the production and accumulation of commodities other than those necessary to minister to these primary wants, becomes possible. Under such circumstances, part of his labour force, or labour time, can be otherwise employed; of course, to what particular purpose it will be devoted will be determined by his opportunities and his inclinations. What is true in this case of the individual is true also of the community. It is only when the energies of all its members are not necessarily absorbed in ministering to their immediate or primary wants, that some portion of their activities can be otherwise directed. The labour of some can then provide sufficient of the necessaries of life for all, and the labour of the rest is set free for other purposes. In short, the necessary pre-requisite for the concurrent production of a diversity of commodities, with which today our store-houses and shops are full to overflowing, is that the community as a whole should be able to command sufficient food-supply to maintain those so employed. This secured, these latter can be employed — according to their knowledge, skill, and tools, the natural opportunities and opportunities to trade open to them — in producing any other desired form of enjoyable or serviceable commodities. What particular services they shall be called upon to render, what particular commodities they shall be called upon to produce, will be determined in part by the requirements of the community, but mainly by those social customs, laws, and institutions, which determine the control of the labour, of the services and commodities, at the command of the community. The labour that raised the Pyramids could have constructed public irrigation works; that which erects barracks and palaces could build schools and churches; that which produces swords could produce ploughshares; that which is now devoted to the production of useless luxuries, to the rendering of senseless services, calculated only to gratify the pride and ostentatious vanity of some, could be devoted to the bettering of the condition, to the material, moral, and spiritual elevation of all. The degree of civilisation attained by any community can be well gauged by the ends to which the "surplus labour" at its disposal is directed.¹ As already pointed out, in a country like Great Britain, where the division and sub-division of labour has been so indefinitely extended, and where a

multitude of various commodities are concurrently and continuously being produced, but few workers know to what ultimate end their labours are being directed, or for whom they are working. One man, or body of men, digs for iron ore; there his duty ends. He passes the material on to another man, or body of men, his immediate "customer," hardly knowing or caring to know what the next operation will be. The smelter who receives it gives him a token attesting the amount of labour, or, to be more correct, the extent of the service he has rendered. The smelter reduces the ore and passes it on to the next man, himself taking an acknowledgment of the services he has rendered, plus the value of the token he has already given to the miner, and so on. Thus the materials, the commodities in course of production, are passed on from hand to hand, one worker rarely knowing the one who precedes or who is to follow him, or what will become of his labour. This system of industry and transfer is today everywhere continuously proceeding. Thus the fields are tilled, the crops raised, the cattle reared, the mines worked, the iron shaped into innumerable forms, houses built, bread baked, clothing manufactured, and so on, each separate industry involving countless distinct operations, all being performed concurrently in thousands of different places by thousands of different people, each working in his own field of industry, and each receiving a token representing the extent of the services he has rendered the community. And the result? A stock of commodities of the most varied kind, and in all stages of production, from the crude material as supplied by Nature to the finished commodity ready to minister to the wants of men. And how are these commodities distributed amongst those who labour to produce them? Each receives a token¹ for his labour, and as the commodity passes through its different stages this labour is added up, each adding his own to the preceding amount, until the finished article, marked with the sum total, is brought into the market, and is available to anyone possessing the necessary number of tokens. By virtue of the services he has rendered, and up to the extent of his services, each can command an equivalent value. The workings of this principle of action, and the attendant phenomena, is variously called exchange, barter, trade, or commerce.²

1 Referring to the Pyramids, to build one of which required the labours of three hundred and sixty thousand men for over twenty years, Buckle comments as follows: "To raise structures so stupendous, and yet so useless, there must have been tyranny on the part of the rulers, and slavery on the part of the people." "History of Civilisation," Book I., chap. ii.

1 That these tokens are not only promises to pay, but also pledges or security that the holder shall be able to command commodities or services to the value they represent whenever he chooses to avail himself of them, makes no difference to our illustration. We shall deal more exhaustively with this subject of tokens or money in a subsequent chapter.

2 For this telling illustration, as for many other notes utilised in the preceding

chapters, the author is indebted to his old friend and co-worker, Mr. I. Singer, P.C.S., of the Aire Valley Dye Works, Newlay, near Leeds.

It is practically in this manner that the whole business of the world is today carried on; that all the varied commodities and enjoyments at the command even of the most humble are produced and distributed; that the tea of China, the rice of India, the corn and bacon of America, the wines of France and Germany, the eggs of Denmark, Ireland, and Hungary, etc., today furnish our tables in exchange for the products of our own industry. Well may we exclaim with Bastiat: "We should shut our eyes to the light of day, did we fail to perceive that society could not present combinations so complicated, and in which civil and penal laws have so little part, unless it obeyed the laws of a mechanism wonderfully ingenious." The mainspring of this mechanism is the reciprocal exchange of services. The many existing causes impeding and counteracting its harmonious and equitable working, checking production, disorganising distribution, hindering exchange, securing a command of tokens to those who have in no way assisted in the work, who have done nothing to earn them, and so on, can only be regarded in the light of discordant and dislocating elements — elements which our broadening conceptions of justice and morality, and the inevitable alterations in our customs, laws, and institutions in conformity therewith, will necessarily doom to extinction. But this brings us to questions with which we are not here immediately concerned, but on which our subsequent investigations may help to throw a much-needed light.

This system of industrial life involves the employment of a large number of workers in promoting, organising, and superintending the transportation, distribution, and exchange of materials and commodities; and we should constantly bear in mind that those so employed, in trade and commerce, play as necessary and indispensable a role in the industry of the community as those engaged in agriculture, mining, manufacturing, etc. This fact is not always readily admitted; but when we remember that co-operation and division of labour involves exchange, either of services or commodities, it is manifest that those whose labours are necessary to promote and organise such exchange form an indispensable part of every community desirous of enjoying the advantages to be gained by co-operation and division of labour. Moreover, it should be remembered that if under the term "wages" we are to include all rewards of human exertion, then the legitimate gains, or "profits" of those engaged in trade and commerce are as much "wages" as the gains of those engaged in agriculture, mining, or any other branch of industry. By their aid the gratifications at the command of the community are materially increased; hence, all those so employed have a legitimate claim to share in these gratifications, either according to their needs or desires, or according to the value of the services they are rendering their fellow-workers.

The exchange of services or commodities between communities is, in fact, identical in principle, is due to the same causes, is inspired by the same desires, and is productive of the same economic advantages, as that between individuals within the same community — it is, in truth, but an extension beyond the artificial limits of the community of the principle of cooperation and division of labour. Just as individuals possess natural or acquired advantages for special branches of industry, which by a reciprocal exchange of services can be made to benefit all, so, too, communities or nations possess natural or acquired advantages for special branches of industry,' which, by a reciprocal exchange of commodities, can be made to benefit all. The natural advantages of China and India for the production of tea and rice, of Southern America for cotton and tobacco, of Java and Mauritius for coffee and sugar, and so on, are all, by trade, made to benefit us in England; while the inhabitants of those countries are enabled to share in the benefits of the rich deposits of coal, iron, etc., which endow us with special advantages for the production of many commodities they either cannot or do not produce for themselves. Thus, the natural advantages of every country, as well as the natural or acquired skill and aptitude of its inhabitants, advantage all with whom they enter into commercial relations, tend to benefit all the co-operating workers of the world.

So great, indeed, are the advantages of trade that, as Henry George points out in his great masterpiece of economic analysis, "Protection or Free Trade," even if any one country possessed special advantages for the production of everything it required, yet would it enter into commercial relations with other countries. For by concentrating its energies on the production of those commodities for which its advantages were comparatively greater, or those of other countries were less, it would, by trade, be enabled to command more of everything it desired than if it were to endeavour to produce everything for itself. Tea, as George points out in illustration of this contention, could be produced in the United States; but there are other things, such as silver, oil, etc., for the production of which it has great advantages over China. Hence, by producing these things and exchanging them, directly or indirectly, for tea, its inhabitants, despite the cost of carriage, protective duties, etc., can obtain a greater command of tea, and at a less cost of labour, than if they were to produce it for themselves.¹

¹See chapter xv.

On the more obvious advantages of trade it should today be quite unnecessary to dwell. "Trade," as the same great advocate of Free Trade well expresses it, "has ever been the extinguisher of war, the eradicator of prejudice, the diffuser of knowledge. It is by trade that useful seeds and animals, useful arts and inventions, have been carried over the world, and that men in one place have been enabled not only to obtain the products, but to profit by the observations, discoveries, and inventions of men in other

places." Trade is, in truth, the great civiliser, the great modifier of what is known as "human nature," impelling the most savage and warlike to enter into peaceable relations with his fellow-men, tending, despite governmental restrictions, differences in customs, habits, religions, and laws, despite racial animosities, national prejudices, and popular superstitions, to weld the people of the world into one harmonious social union, to the common advantage of all. Its civilising and pacific influence steadily tends to bring us nearer to that golden age of which philosophers have speculated and poets have dreamed, to the time —

"When the war-drum throbs no longer, and the battle-flags are furl'd, In the Parliament of man, the Federation of the world. There the common-sense of most shall hold a fretful realm in awe, And the kindly earth shall slumber, lapt in universal law."