

CHAPTER 6

The Humanity of Trade

WHEREVER TWO BOYS swap tops for marbles, that is the market place. The simple barter, in terms of human happiness, is no different from a trade transaction involving banking operations, insurance, ships, railroads, wholesale and retail establishments; for in any case the effect and purpose of trade is to make up a lack of satisfactions. The boy with a pocketful of marbles is handicapped in the enjoyment of life by his lack of tops, while the other is similarly discomfited by his need for marbles; both have a better time of it after the swap. In like manner, the Detroit worker who has helped to pile up a heap of automobiles in the warehouse is none the better off for his efforts until the product has been shipped to Brazil in exchange for his morning cup of coffee. Trade is nothing but the release of what one has in abundance to obtain some other thing one wants. It is as pertinent for the buyer to say "thank you" as for the seller.

The market place is not necessarily a specific site, although every trade must take place somewhere. It is more exactly a system of channeling goods or services from one worker to another, from fabricator to consumer, from where a superfluity exists to where there is a need. It is a method devised by man in his pursuit of happiness to diffuse satisfactions, and operating only by the human instinct of value.

THE HUMANITY OF TRADE

Its function is not only to transfer ownership from one person to another, but also to direct the current of human exertion; for the price indicator on the chart of the market place registers the desires of people, and the intensity of these desires, so that other people (looking to their own profit) may know how best to employ themselves.

Living without trade may be possible, but it would hardly be living; at best it would be mere existence. Until the market place appears, men are reduced to getting by with what they can find in nature in the way of food and raiment; nothing more. But the will to live is not merely a craving for existence; it is rather an urge to reach out in all directions for a fuller enjoyment of life, and it is by trade that this inner drive achieves some measure of fulfillment. The greater the volume and fluidity of market-place transactions the higher the wage level of Society; and, insofar as things and services make for happiness, the higher the wage level the greater the fund of happiness.

The importance of the market place to the enjoyment of life is illustrated by a custom recorded by Franz Oppenheimer in *The State*. In ancient times, on days designated as holy, the market place and its approaches were held inviolable even by professional robbers; in fact, stepping out of character, these robbers acted as policemen for the trade routes, seeing to it that merchants and caravans were not molested. Why? Because they had accumulated a superfluity of loot of one kind, more than they could consume, and the easiest way of transmuting it into other satisfactions was through trade. Too much of anything is too much.

The market place serves not only to diffuse the abundances that human specialization makes possible, but it is also a dis-

tributor of the munificences of nature. For, in her inscrutable way, nature has spread the raw materials by which humans live over the face of the globe; unless some way were devised for distributing these raw materials, they would serve no human purpose. Thus, through the conduit of trade the fish of the sea reach the miner's table and fuel from the inland mine or well reaches the boiler of the fishing boat; tropical fruits are made available to northerners, whose iron mines, translated into tools, make production easier in the tropics. It is by trade that the far-flung warehouses of nature are made accessible to all the peoples of the world and life on this planet becomes that much more enjoyable.

We think of trade as the barter of tangible things simply because that is obvious. But a correlative of the exchange of things is the exchange of ideas, of the knowledge and cultural accumulations of the parties to the transaction. In fact, embodied in the goods is the intelligence of the producers; the excellent woolens imported from England carry evidence of thought that has been given to the art of weaving, and Japanese silks arouse curiosity as to the ideas that went into their fabrication. We acquire knowledge of people through the goods we get from them. Aside from that correlative of trade, there is the fact that trading involves human contacts; and when humans meet, either physically or by means of communication, ideas are exchanged. "Visiting" is the oil that lubricates every market-place operation.

It was only after Cuba and the Philippines were drawn into our trading orbit that interest in the Spanish language and customs was enlivened, and the interest increased in proportion to the volume of our trade with South America. As a consequence, Americans of the present generation are as familiar with Spanish dancing and music as their fore-

fathers, under the influence of commercial contacts with Europe, were at home with the French minuet and the Viennese waltz. When ships started coming from Japan, they brought with them stories of an interesting people, stories that enriched our literature, broadened our art concepts, and added to our operatic repertoire.

It is not only that trading in itself necessitates some understanding of the customs of the people one trades with, but that the cargoes have a way of arousing curiosity as to their source, and ships laden with goods are followed with others carrying explorers of ideas; the open port is a magnet for the curious. So, the tendency of trade is to break down the narrowness of provincialism, to liquidate the mistrust of ignorance. Society, then, in its most comprehensive sense, includes all who for the improvement of their several circumstances engage in trade with one another; its ideational character tends toward a blend of the heterogeneous cultures of the traders. The market place unifies Society.

The concentration of population determines the character of Society only because contiguity facilitates exchange. But contiguity is a relative matter, depending on the means for making contacts; the neutralization of time and space by mechanical means makes the whole world contiguous. The isolationism that breeds an ingrown culture and a mistrust of outside cultures melts away as faster ships, faster trains, and faster planes bring goods and ideas from the great beyond. The perimeter of Society is not fixed by political frontiers but by the radius of its commercial contacts. All people who trade with one another are by that very act brought into community.

The point is emphasized by the strategy of war. The first

objective of a general staff is to destroy the market place mechanisms of the enemy; the destruction of his army is only incidental to that purpose. The army could well enough be left intact if his internal means of communication were destroyed, his ports of entry immobilized, so that specialized production, which depends on trade, could no longer be carried on; the people, reduced to primitive existence, thus lose the will to war and sue for peace. That is the general pattern of all wars. The more highly integrated the economy the stronger will be the nation in war, simply because of its ability to produce an abundance of both military implements and economic goods; on the other hand, if its ability to produce is destroyed, if the flow of goods is interrupted, the more susceptible to defeat it is, because its people, unaccustomed as they are to primitive conditions, are the more easily discouraged. There is no point to the argument as to whether "guns" or "butter" is more important in the prosecution of war.

It follows that any interference with the operation of the market place, however done, is analogous to an act of war. A tariff is such an act. When we are "protected" against Argentine beef, the effect (as intended) is to make beef harder to get, and that is exactly what an invading army would do. Since the duty does not diminish our desire for beef, we are compelled by the diminished supply to put out more labor to satisfy that desire; our range of possibilities is foreshortened, for we are faced with the choice of getting along with less beef or abstaining from the enjoyment of some other "good." The absence of a plenitude of meat from the market place lowers the purchasing power of our labor. We are poorer, even as is a nation whose ports have been blockaded.

Moreover, since every buyer is a seller, and vice versa, the

THE HUMANITY OF TRADE

prohibition against their beef makes it difficult for Argentinians to buy our automobiles, and this expression of our skills is constricted. The effect of a tariff is to drive a potential buyer out of the market place. The argument that "protection" provides jobs is patently fallacious. It is the consumer who gives the worker a job, and the consumer who is prevented from consuming might as well be dead, as far as providing productive employment is concerned.

Incidentally, is it jobs we want, or is it beef? Our instinct is to get the most out of life with the least expenditure of labor. We labor only because we want; the opportunity to produce is not a boon, it is a necessity. Neither the domestic nor the foreign producer "dumps" anything into our laps. There is a price on everything we want and the price is always the weariness of toil. Whatever causes us to put out more toil to acquire a given amount or kind of satisfactions is undesirable, for it conflicts with our natural urge for a more abundant life. Such is a tariff, an embargo, an import quota or the modern device of raising the price of foreign goods by arbitrarily lowering the value of our money. Any restriction of trade, internal or external, does violence to a man's primordial drive to improve his circumstances.

Just as trade brings people together, tending to minimize cultural differences, and makes for mutual understanding, so do impediments to trade have the opposite effect. If the customer is always "right," it is easy to assume that there is something wrong with the nonbuyer. The faults of those who refuse to do business with us are accentuated not only by our loss but also by the sting of personal affront. Should the boy with the tops refuse to trade with the boy who has marbles, they can no longer play together; and this desocialization

can easily stir up an argument over the relative demerits of their dogs or parents. Just so, for all our protestations of good neighborliness, the Argentinean has his doubts about our intentions when we bolt our commercial doors against him; compelled to look elsewhere for more substantial friendship, he is inclined to think less of our national character and culture.

The by-product of trade isolationism is the feeling that the "outsider" is a "different kind" of person, and therefore inferior, with whom social contact is at least undesirable if not dangerous. To what extent this segregation of people by trade restrictions is the cause of war is a moot question, but there can be no doubt that such restrictions are irritants that can give other causes for war more plausibility; it makes no sense to attack a good customer, one who buys as much of our products as he can use and pays his bills regularly. Perhaps the removal of trade restrictions throughout the world would do more for the cause of universal peace than can any political union of peoples separated by trade barriers; indeed, can there be a viable political union while these barriers exist? And, if freedom of trade were the universal practice, would a political union be necessary?

Let us test the claims of "protectionists" with an experiment in logic. If a people prosper by the amount of foreign goods they are *not* permitted to have, then a complete embargo, rather than a restriction, would do them the most good. Continuing that line of reasoning, would it not be better all around if each community were hermetically sealed off from its neighbor, like Philadelphia from New York? Better still, would not every household have more on its table if it were compelled to live on its own production? Silly as this

THE HUMANITY OF TRADE

reductio ad absurdum is, it is no sillier than the "protectionist" argument that a nation is enriched by the amount of foreign goods it keeps out of its market, or the "balance of trade" argument that a nation prospers by the excess of its exports over imports.

Yet, if we detach ourselves mentally from entrenched myths, we see that acts of internal isolationism such as described in our syllogism are not infrequent. A notorious instance of this is the French *octroi*, a tax levied on products entering one district from another. Under cover of "quarantine" regulations, Florida and California have mutually excluded citrus fruits grown in the other state. Labor unions are violent advocates of opulence-through-scarcity, as when they restrict, by direct violence or by laws they have had enacted, the importation of materials made outside their jurisdiction. A tax on trucks entering one state from another is of a piece with this line of reasoning. Thus, the "protectionist" theory of fence building is internalized, and in the light of these facts our *reductio ad absurdum* is not so farfetched. The market place, of course, scoffs at such scarcity-making measures, for it yields no more than it receives; if its offerings are made scarce by trade restrictions, that which remains becomes harder to get, calls for an expenditure of more labor to acquire. The wage level of Society is lowered.

The myth of "protectionism" rests on the notion that the be-all and end-all of human life is laboring, not consumption—and certainly not leisure. If that were so, then the slaves who built pyramids were most ideally situated; they worked much and received little. Likewise, the Russians chained to "five-year plans" have achieved heaven on earth, and so did the workers who, during the depression, were put to moving dirt from one side of the road to the other. Extending this

notion that exertion for the sake of exertion is the way to prosperity, then a people would be most prosperous if they all labored on projects with no reference to their individual sense of value. What is euphemistically called "war production" is a case in point; there is in fact no such thing, since the purpose of production is consumption; and it is not on record that any worker built a battleship because he wanted it and proved his craving by willingly giving up anything in exchange for it. Keeping in mind the exaltation of laboring, would not a people be most uplifted if they all were set to building battleships, nothing else, in return for the necessities that would enable them to keep on building battleships? They certainly would not be unemployed.

Yet, if we base our thinking on the natural urge of the individual to better his circumstances and widen his horizon, operating always under the natural law of parsimony (the most gain for the least effort), we are compelled to the conclusion that effort which does not add to the abundance of the market place is useless effort. Society thrives on trade simply because trade makes specialization possible, specialization increases output, and increased output reduces the cost in toil for the satisfactions men live by. That being so, the market place is a most humane institution.