

making any difference in the relative values of commodities. The word value in its economical sense comprehends two distinct principles. First,—The article must be useful, or at least, desirable. Secondly,—It must require labor or exertion to produce or procure it. The cost of the labor will generally be its relative or exchangeable value. That is, under all ordinary circumstances. The real value of an article is, therefore, what it would cost to reproduce it. Nevertheless, in the present condition of trade, commodities are often bought and sold for less than the cost of reproduction. This, however, is not a natural state of things, and could not occur under a correct economical system.

It is true, nevertheless, that there are some exceptions to the rule; the crops and the harvests may vary, and the values, as well as the prices of natural productions may rise and fall from causes over which neither people nor governments have any control; but this could not occur to any serious extent in a state of free trade, as prices would be constantly equalized by the operations of commerce. The world would therefore be less liable to depressions in trade which sometimes arise from a severe failure of crops, especially in over-populated countries. It will be of little use being acquainted with the principles of political economy, unless we are acquainted with their operations in detail. On some points authors have not been sufficiently clear, and others they appear to have omitted to notice altogether. All persons know that society is practically divided into classes; but few are aware of the different proportions they bear to each other. This, however, has a very important bearing on the conditions of trade.

It has been shown that in all old and populous countries, nine-tenths of the people live on wages and small fixed incomes. The proportion of mere laborers, may be less in new countries; but still, the class will always be sufficiently large to materially affect trade, either under an extraordinary increase of prices, or a decrease of wages; and without taking these facts into consideration, it seems impossible to come to correct conclusions as to the causes of depressions in trade. These are constantly attributed to what is called *over-trading*, whatever that may mean; for it has never yet been explained how such a thing could possibly take place. It has been remarked, however, that throughout the present century a crisis in trade, or a commercial depression, has always been preceded by a period of abnormal high prices. It is therefore fair to assume that whatever causes a general increase of prices must end in bringing on a trade crisis. Accepting this as an axiom, an increase of money, the inauguration of a highly protective tariff, or anything that decreases the general demand for commodities, must in time destroy the demand for labor, and therefore greatly interfere with the prosperity of the country. When a country succeeds by prohibitory duties in keeping out of her ports a certain quantity of foreign produce that otherwise would have been imported, it may be said, without fear of contradiction, that she has succeeded in preventing her citizens from receiving the full value of their exports, and to that extent has reduced their profits. Trade is a system of force, and its course cannot be suddenly altered by the imposition of import duties.