

Mercantilism As Basic Established Order is Explained

By Dr. F. B. Clark

Before examining the salient features of the social order which has come to be thought of in academic circles as mercantilism, a few observations should be made regarding when and where this peculiar arrangement has taken form. Then, too, the very word used to describe the order is significant.

Following the collapse of ancient civilization marked by the fall of Rome, the European peoples became organized along feudalistic lines. It cannot be said, however, that feudalism came to its own till about the year one thousand A. D. A five hundred year interval of time, therefore elapsed between the fall of Rome and the advent of feudalism. Historians usually refer to the five hundred year interval of time immediately following the fall of Rome as "The Dark Ages". After the Dark Ages came feudalism. Following feudalism came mercantilism. The five hun-

dred year interval of time in each instance is in itself suggestive. If mercantilism is to endure for a full five hundred year period as was the case with the two periods preceding, we still have to wait a while for the final culmination of forces set in motion during the early years of the 19th century destined to supplant the mercantilistic system. It could be that the current war means that finally the foundations of mercantilism are being torn out so as to better provide for the other and it may be hoped, more satisfactory arrangement. If that is the kind of revolutionary change which we are witnessing, it behooves us to understand those things which are being done away with. We can thus better appreciate the kind of society into which we are moving.

The term mercantilism, now almost universally employed to describe the kind of society which existed in Europe prior to the dawn of the new era, seems to have had its origin with Adam Smith—the founder of the science of economics. It is, of course, built on the concept of a merchant. It means simply the adaptation of the philosophy of the merchant classes to governmental policy. It does happen, however, that several other words are frequently used. In France, for instance, Colbert, an outstanding minister during the reign of Louis XIV, caused the word Colbertism to be used as descriptive of an analogous order

in France. Likewise the word Kameralism applies to a similar arrangement in Germany. Although a few differences existed in these countries in the manner of operation of the system, in the main, they are similar.

Wherever there is an adaptation of a narrowminded merchant psychology to governmental policy, the term mercantilism appears the best one to employ. We thus are faced with the fourth in our analysis of the five different potential social orders viewed from the juristic point of view—that of rights under the government.

The adaptation of the merchant psychology to governmental policy means simply that actions taken by the government are inspired by the motive of furthering monetary gains of the merchant classes. The measure of the monetary gains of the merchant classes is the difference between expenses incurred and gross receipts. When a mercantilistic policy dominates the government the wealth of a nation is assumed to be measured in the same way. A prosperous nation is thought of as one which drives hard bargains in its dealings with other nations. One nation's gain is measured by losses incurred by other nations. The concept of expenses of production associated with private enterprises becomes adapted to those goods which have to be imported in exchange for exports. Just as in a private business, expenses have to be less than income for a bus-

iness to prosper, so with a nation. In public matters imports being thought of as things to be bought, or expenses, and exports as things sold, or income, the imports have to be less in value than exports. To gain a full view of a society organized along mercantilistic lines it is necessary to call attention to several outstanding characteristics. If, however, we always keep in mind the one major objective—that of assuring that the volume of sales on the international market must always be greater than the volume of purchases—we can better appreciate the moving cause of whatever is presented as any one of the several things which are almost invariably indicated as salient to mercantilism.

The following summary of the principal feature of mercantilism is found in a book entitled "The Development of Economics" by Dr. W. A. Scott, Emeritus Professor of Economics of the University of Wisconsin:

1. Entrepreneurial theory of governmental action. "In his relation to the nation the sovereign may be compared to a great landlord or the head of a great business. It is his duty to see to it that the nation's resources are developed to the extent required by the needs of the state, and to this end he must supervise its various industries, checking this one and promoting that as circumstances may demand. There was nothing that he might not undertake directly, and any interference with private enterprise was justified if the realization of the state's policy was at stake. Indeed, men and property were simply tools to be used as needed."

2. Subordination of business activity to codes. "Instead of exercising the individual initiative and freedom with which we are familiar nowadays, the workers in each trade, including both masters and men, were organized into one body, which in its corporate capacity controlled the details of the business. In the process of time the most important of these developed elaborate codes regulative of the kinds and qualities of goods to be manufactured, the prices to be charged, the wages to be paid, hours to be worked, apprenticeship, the relations between masters and men, etc., etc."

3. Stimulation of the growth of population. "According to it, the more rapid the growth of and the larger the population of a country the better, because military power was directly proportional to population and a rapid increase in the number of the people meant a rapidly increasing supply of labor, which was also essential to low wages."

4. Assurance of cheap food and raw materials. "The attitude toward cheap food and raw materials was determined by the same considerations. The interests of the classes who produced these commodities were not to be considered, but that of the nation. Cheap food was considered desirable because it made possible low wages, and cheap raw materials, like low wages, contributed toward the lowering of the cost of production of manufactured products."

(To Be Continued)

'Twas never said of a joke that the good die young.

ELECTIONS

(Continued from page 1)

the members of the club. New members were welcomed into the club and their part in the club explained. Efforts on the part of the old members of the club were made to help the new members feel at home on the campus as well as in the club. Plans for a standing financial support of the treasury were made and heartily agreed upon by all present. After a motion to hold regular monthly club meetings was made and sustained as a club rule, Logan adjourned the meeting.

If a buttercup is yellow, I suppose a hiccup is purple.



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