

TRADE HISTORY

From earliest times, men have sought to increase the variety of products available to them through trade. As early as 1000 B.C., Phoenician ships were bringing back silver from Spain, tin from Britain, and tropical products from Africa, Asia, and the islands. Much of the early exploration of the landmasses and later the oceans of the earth were carried out in attempts to find better trade routes and new sources of products.

Prior to the industrial revolution, even the most advanced civilizations were based largely on natural products. Land vehicles, ships, the timbers and roofs of most buildings, as well as furniture and even utensils, were largely made of wood. Special woods—spruce, cedar, mahogany, teak and ebony—were prized for special applications. Mineral ores for lead, tin, iron, copper, and silver were only known in those regions where the deposits were at or near the surface of the earth's crust. Many desirable foods, spices, fibers, and medicinals were available only in particular regions.

Accordingly, for thousands of years the variety of natural resources which are useful to man were widely scattered and were a constant incentive to farflung trade.

In 1776, Adam Smith, a professor of moral philosophy at the University of Glasgow, published his revolutionary book, "Inquiry Into the Nature and Causes of the Wealth of Nations." Prior to this date, economic thinking had been dominated by a theory called "mercantilism." Its central theme was the notion that a nation is prosperous in proportion to its supply of the money commodity—gold or silver. Common belief held that one way to increase the stock of precious metals was to expand exports and limit imports, and thereby induce an inflow of gold and silver bullion. This naturally required a host of regulations and restrictions in the country as well as at the borders, and with all a swarm of enforcing agents.

Adam Smith, in his "Wealth of Nations," developed a new concept. He declared that wealth consisted in the quantity of goods and services produced and freely exchanged. He proposed competition as an effective regulatory force in a free economic society and saw government regulations as unnecessary overhead. Complete freedom for trade between areas and different countries was a natural extension of his idea of division of labor and competition.

In Adam Smith's day, society was essentially nonindustrialized. Commerce consisted largely of the exchange of natural products and the products of handicraft. The world consisted of sovereign nations, each with a limited variety of resources. Countries that could grow wheat or corn were not suited for growing cotton. Regions that could effectively grow sheep and supply wool were not effective producers of wheat or bananas. As a consequence, individual items of food, fiber, building materials, or mineral products were shipped from a country having an abundance, in exchange for other natural items of food, fiber, and the like.

As the industrial revolution developed and research brought new insights and new competence to society, men have learned to substitute synthetic products for natural ones. At one time, horn was the only plastic material available. Now there are dozens of synthetic plastics