

**AUTHOR'S NOTE**

In 1978, I received the Paul A. Funk award. The purpose of the program is "to recognize outstanding performance and high achievement among the faculty of the College of Agriculture." It carried a stipend of \$1,500, a free dinner, and recognition at the dinner. But there was a hook. It required that each recipient write an essay that, as I recall, described the knowledge and programs that resulted in his achievement. I decided to construe this to mean an essay describing the core wisdom about agricultural markets and marketing that I had accumulated from more than thirty years of research, teaching, and extension.

The essay got somewhat long and tedious, but thirty years of study, it seemed to me, should result in substantial wisdom, and \$1,500 was not an inconsequential sum in 1978.

## PEOPLE WITH ORDERLY MINDS SHOULD NOT TRADE COMMODITIES

### CHAPTER 39

The commodity world is a rough-and-tumble one of competition, with its gains and losses. It is a world of price variation where the unexpected is to be expected and where unusual is normal. It is a world in which Murphy's Law is alive and well—that which can go wrong inevitably will. And when the trader has mastered this bit of wisdom and learned to cope, the converse is true and things go according to plan. The commodity world is a vast and complicated system that defies attempts to bring order out of chaos. At the same time, it has some things going for it. It rewards generously those people who contribute to reduction of the chaos. It somehow functions and takes on its most favorable cast when compared to its alternatives. The people who trade commodities, misguided though they may be, like their lifestyles.

This essay is an inquiry into the nature and role of markets in the establishment of prices, with particular emphasis on commodity futures trading. It is an attempt to combine consideration of three essential elements of an effectively functioning economy: markets, competition, and speculation. It is a strange anomaly that price determination is treated in economic literature as a free gift rather than as the complex activity it is. Prices are made in markets, and the efficiency of price determination is of major importance in the efficiency of an economic system. Competition is described as a laudable goal, and conditions of pure competition are established. Speculation is an "evil" word and an activity engaged in by "mysterious and unscrupulous" people for "unproductive" gain. But almost all economic activity has its roots in expectations about the future, and the future is uncertain, hence speculative.

The subject of competitive, speculative markets has not received the attention that it deserves. Why? The subject inevitably draws one into the quicksand of considering the behavior of people operating in a climate of uncertainty about the nature of events to come. The future is infinitely complex, and the myriad forces that go into its determination are interactive. It defies orderly anticipation. But the more orderly the anticipation brought to bear, the greater the chances that events to come will be foreseen. It is possible that the future could be foreseen

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if its anticipation were left to a small group of trained specialists. Such is not the case; everyone gets into the act. Almost every action taken by individual entrepreneurs, government officials, workers, and consumers is taken not only in response to current stimuli but also in anticipation of events to come. Skill and training are highly variable, so that both actions and results are variable and uncertain.

All of this is repugnant to the orderly mind that is offended when results do not turn out as planned. The world of commodity trading is infinitely complex and participated in by people with a broad range of knowledge and skill. This results in highly variable behavior or prices. We shall look in turn at each of these three elements of the markets in hopes of describing the whole.

## PRICES

Prices surround us. They are of concern to everyone. The prices of things we need determine how much money we have left over for the things we would like. The wages and salaries that we receive are themselves prices. Costs of inputs of productive activities are important determinants of profit and loss, and costs are measured by prices. The price of corn and soybean meal are important to the profitability of hog production, and the profitability of hog production is related to the price of broilers.

Money has a price, called interest. It is the amount paid to the owner of money for its use for a time. And monies themselves have prices that are expressed in terms of other monies. The price of the U.S. dollar is expressed in units of German marks, Japanese yen, etc. Everything has its price.

There is not just individual interest in prices but public interest as well. Prices are never right in an approval-disapproval context. They are always too high to the buyer and too low to the seller. Salaries and wages are too low, and the cost of living is always too high. Farmers are always caught in a cost-price squeeze, sometimes more severe and sometimes less. The cost of land is so high that it is impossible for young people to get started in farming, yet returns to land are so low that retired farmers have difficulty living comfortably. When there is an excess of imports over exports, the dollar declines in value, which is of public concern. When the general level of prices rises, there is said to be inflation.

Throughout all history, measures have been taken to correct the inequities of prices. Modern-day manifestations of these measures take a variety of forms. National wage and price controls were implemented during World War II, the Korean War, and from 1971 to 1974. The whole complex of labor legislation and organization is a set of measures designed to establish equity in the pricing of

labor. There have been only very short periods during the past fifty years when agricultural prices have not been subject to major governmental intervention. Prices charged for public utilities such as electricity, gas, water, and telephone services are regulated by public bodies. The same is true of the transportation system. There are or have been international price regulatory agreements for wheat, rubber, coffee, and tin, and many more have been proposed. For more than twenty-five years, the relative values of the various major currencies were regulated under the Bretton Woods Agreement.

The assortment of public measures affecting prices is and always has been in a state of flux. There are always pressures for more regulation in the interest of equity. And there are always market pressures for the deregulation of prices. The orderly world of known, stable, and fair prices is offensive to the rough-and-tumble, dynamic inclination of the market. To the market there is but one price that is of consequence. It is the totally pragmatic one of a price that will make the economic system function.

The central focus of the market is on an equilibrium price and an equilibrium set of price relationships. Prices have functions to perform in every economic system, and no system will function without prices. There are various lists of functions of prices. These vary more in inclusiveness and detail than in substance. They generally include (1) allocation of productive resources, (2) determination of the amount and kind of product, (3) direction of inventory accumulation and liquidation, (4) distribution of products among people and places, and (5) distribution of the rewards for production among productive resources. Individual prices combine into a set of price relationships that guide and direct production and distribution.

The first of these functions is readily illustrated with land. Shall a given piece of land be used for agricultural production, recreation, housing, or strip mining? If the public bands together and bids enough for land to make a park, it goes to recreation; or if a developer can sell enough houses for enough money, it goes to urban sprawl; or if the price of coal is high enough, it may go under shovel of the strip miner.

The second function of price is illustrated with choice of crops. Corn competes with soybeans, soybeans with cotton, and cotton with rice. Grain sorghums compete with wheat and wheat with rangeland for cattle. These all interrelate, and there is one optional balance of use. Some of the products such as corn and grain sorghums are substitutes in use, which further ties the whole together.

Third, different kinds of products are produced seasonally, and the yearly production varies because of vagaries of weather. Inventories must be held from time of abundance to time of scarcity. This introduces a temporal dimension to prices.

When the price of current consumption is low and the price for consumption later is high, inventories are accumulated and held for later consumption.

Fourth, in a complex industrial society, individual products are produced at many places and consumed at a multitude of places. Economic goods are, by definition, scarce goods. Always more people wish to consume a given product than there is a product available. If this were not so, all things would be free, and production (work) would not be necessary. The task of deciding how much of what to move where for whom is tremendously complex. Goods move to the place of the highest prices and go to the highest bidder.

Finally, decisions must be made about how much of economic output goes to whom. This is the place of greatest conflict between a market system and the perceived public interest. The market is simplistic. The Little Red Hen planted and harvested the wheat, baked the bread, and therefore should eat the bread. Equity of distribution of income is of major concern, and it is clear that there is a compromise between the ruthlessness of the market and the concept of "Each shall produce according to his ability and consume according to his needs." The point at this juncture is that the determination must be made by some method.

## COMPETITION

In most twentieth-century industrial nations, there has been a trend for three centuries or so toward less direct governmental control of economic activity. Feudal and preindustrial conditions were replaced by what is generally characterized as "free private enterprise" or "competitive capitalism." But it has been observed that the system is neither free, private, nor enterprising and that the owners of capital are often not competitive. A better term might be "competitive price-ordered system." This not only more accurately describes the system as it has evolved but also characterizes one widely accepted concept of an optimum system. But for more than a century the downtrend has reversed, and governments of the industrial nations have played an increasing role in economic activity. They own and operate productive resources, redistribute income, and establish the rules within which private enterprise functions. Some enterprises are better operated by government, as the highway and educational systems. Governments have widely accepted regulatory functions relating to health, safety, and violations of competition. These several things touch on the pricing system and affect its operation. The generally accepted proposition is that where the competitive system works to provide essential services, protect the well being of individuals from incursion of others, and equitably distribute the fruits of production, it should be allowed to operate freely. The superior productivity of a freely operating private enterprise system is recognized. The right to compete, to be more productive, and to receive greater

rewards is almost universally recognized as an essential part of liberty. Thus, a competitive economic system is an optimum.

Perhaps the most articulate statement of the way a competitive system works was made by Adam Smith in the *The Wealth of Nations* in 1776: "Every individual endeavors to employ his capital so that its produce may be of the greatest value. He generally neither intends to promote the public interest, nor knows how he is promoting it. He intends only his own security, his own gain. And he is led in this by an INVISIBLE HAND to promote an end which was no part of his intention. By pursuing his own interest he frequently promotes that of society more effectively than when he really intends to promote it." As each of us does his own thing in pursuit of his own selfish ends, he unwittingly and inevitably maximizes productivity and, hence, social welfare. As each of us chooses the job that pays the best, we choose the ones that contribute to the satisfaction of the wants of others. To choose a lesser paying job in the interest of doing good in the world is to waste human resources.

The statement assumes that every individual endeavors to employ his capital so that its produce may be of greatest value. It is generally true in the employment of inanimate resources such as land, factories, and machinery, but is not so true in the employment of human resources. People elect to work and consume at varying proportions of capacity. Somewhat less than a maximum effort is not only tolerated by society but also approved; however, indolence is not. There is still a strong work ethic that rests on a concept of obligation to further the general welfare by being productive.

To make the system work at full tilt requires greed. It is the greedy people who are the great producers. A college placement officer submitted three students to an employer for interviews, and the employer chose the one that seemed least likely to the placement officer. When asked why, the employer answered, "I asked each how much money he wanted to make in a lifetime, and the winner replied, 'They haven't printed that much yet—I want it all'—well motivated."

The corollary motivating characteristic is fear—fear of not getting rewarded and not having anything to consume or of having too little. If the system pays off on the basis of productivity, fear of loss of income is an important contributor to total output, hence, to the general welfare. The cowards, as well as the greedy, are the nobility of a competitive economic system.

We almost universally approve of competition in economic activity as a general proposition. We extol a competitive system as an intricate mechanism of great beauty. But at the same time we seek to avoid competition for ourselves. We form conglomerates that will give us dominating market positions from which we can

reap monopoly revenues. We seek to enact fair price laws that will protect us from competition. We form teacher and labor unions to negate the full impact of competitive forces. We seek licenses that will give us exclusive rights to operate television stations, bus lines, and electric utilities in restricted geographic areas. College professors and civil servants work out tenurial arrangements so that they cannot be fired except for the worst of performances. These arrangements are worked out under the most laudable banners of the public interest, but one must wonder about the roles played by greed, fear, and indolence. One must wonder, too, about how valuable these protective backwashes are. Could it be that they stifle productivity and prevent individuals from rising to the top and force the more productive to share with the less?

The point of this is that it is a mistake to talk about the beauties of competition. It both rewards and punishes. It is a hard taskmaster, mean and ruthless. It has only two things going for it. First, it is inordinately productive. No other system yet devised has resulted in such rapid increases in productivity. It is often criticized for producing the wrong things, but it produces the things that people want as measured by how they spend money. The automobile companies either produce automobiles that people want or go broke. Henry Ford once thought that consumers should have only black automobiles and so lost sales leadership to Chevrolet.

Second, it offers the reward of succeeding, the exhilarance of winning. It affords an opportunity for individuals to climb from one economic level to another, to be more productive and to be rewarded for it. Perhaps more important, it offers an opportunity to compete. The proposition is that winning is better than losing, but losing beats not playing.

The key to a competitive economic system is the pricing mechanism. In this system no individual or organization is charged with the responsibility of what, how, or for whom to produce; yet the things that satisfy consumer demand get produced in the right amounts and get to the right places at the right time. A competitive system is coordinated by an elaborate mechanism of prices and markets.

There are sometimes discussions of planned versus unplanned economies. This is the purest of nonsenses; all that is at issue is how planned. There is no such thing as nonplanning. A competitive system is said to be without a central intelligence, but this is not so. Fluctuating prices, reflecting the ebbs and flows of supplies, factors of production, wants and purchasing power, form into a market that is the central intelligence that orders the processes. In this context, market is an elusive concept, being many transactions in many places at a multitude of prices. The market is the omniscient invisible hand of Adam Smith.

The system works perfectly in a situation of pure competition. But pure competition is an economic ideal that never exists in the real world. The conditions of

perfect competition may be listed as (1) a large number of buyers and sellers so that no one individual has an influence on price; (2) a homogeneous product, the characteristics of which can be objectively measured and described; (3) free entry and exit; (4) full information about production, stocks, price, and distribution; and (5) independence and impersonality of decisions and operations.

As we have noted, nearly everyone tries to prevent the existence of perfect competition in his own area. In addition, industrial development into an efficient market structure requires large-scale operations that violate the conditions of perfect competition. It is impossible to have an efficient steel industry that even remotely meets the conditions. Perfect competition in the railroads or public utilities would result in duplication and waste; perfect competition in radio and television would result in chaos.

Thus, the model of perfect competition is more honored in the breach than the observance. It nevertheless remains the design ideal of the private-enterprise system, particularly in the United States. As the model is breached, rules are devised to establish a simulation of competition in which no one is allowed to achieve a position of market dominance. Outstanding among these are the antitrust laws. A second kind of rule making is exemplified by labor legislation, to maintain equality of bargaining power. Both kinds of rules are designed to make the pricing system work as though perfect competition existed.

### SPECULATION

There is another dimension of operation of an economic system that needs to be included in our scheme. It is that of speculation.

As we noted above, there is only one set of prices and price relationships that will result in a balanced production and use; that will equate supplies and demand. This is the equilibrium price or set of prices. In a dynamic economy, equilibrium is never achieved—something is always out of balance. The underlying conditions affecting supplies and requirements are in a constant state of flux, resulting in constantly changing prices and price relationships.

There is a major element of futurity in prices. Investments made today affect production tomorrow and throughout the life of the investment. Inventories are accumulated or liquidated today in anticipation of tomorrow's requirements. Consumers spend all or more than their incomes or forgo consumption until a later time, depending on their expectations about the future. The implementation of expectations results in the establishment of prices that apply not only to the present but to the future as well. Today's prices are a function of expectations about the future as well as today's spot market situation. Forward prices are established

on the basis of expectations about the situation and prices that will exist in the future.

The future is unknown and uncertain. To speculate is to contemplate the future, to reach conclusions about the shape of things to come, and to act on the basis of such expectations—in short, to buy now in anticipation of higher prices or to sell now in anticipation of lower prices.

This definition of speculation is more interesting when it is put in the context of common usage of the words *speculate* and *invest*. These words are often used in a contrasting manner, but viewed in a context of the impact of the future on today's values and the uncertainty about the future, speculation becomes investment in the purest sense. Whether one trades in commodity futures, puts money in securities, deposits money in a savings account, explores for minerals, buys farmland, or feeds cattle, he is allocating resources at a current cost that will result in production at a future time. The same is true of investment of time and effort, such as the pursuit of further education or work in building a business.

From these things it follows that speculation is of major importance. Speculation does make a difference. As the quality of speculation is higher, the economic system is better guided and directed.

## MARKETS

The efficiency of an economic system is significantly dependent upon the efficiency of the performance of prices in their allocating and distributive functions. Prices are central to effectiveness of competition. Prices are made in markets. Markets and market forms are of major importance in the effectiveness of prices. The market itself must be properly organized if prices are to be efficient and competition effective.

During the past half century, markets have been severely criticized and many changes have been made that are restrictive of market operation. An earlier focus of criticism that extends to the present time is that of distributive effects. The distributive justice of markets has been brought into question. This has resulted in a wide range of governmental intervention designed to modify rewards as these are transmitted through the system. Chief among these are taxation systems that transfer incomes from sector to sector and from individual to individual. The game is played, the marbles collected by the government and then redistributed. But such is not the end of it. Restrictions are placed on what the recipient is permitted to do with marbles. Income transfers are designated for specific purposes such as food stamps, housing for the elderly, etc. Transfer payments are a significant fraction of the gross national product of the United States. The fraction is higher in other countries, particularly the Third World.

It is difficult to criticize attempts to remedy distributive injustices that can be traced to market sources. However, it is important to question the outcome of the attempts. Many are demonstratively costly in terms of the total product to be divided; effects on the size of the pie to be divided should be considered. Moreover, the impact of redistributive measures on real income distribution is uncertain and questionable. Many appear to result in a less equal distribution rather than more. Poverty relief may do more to perpetrate poverty than to relieve it.

More recently, markets have been criticized for distortion of allocative efficiency in social terms. This focuses on environmental impacts of unfettered market operation. It is difficult to evaluate the social cost of smoke emissions, a thing that is outside of the purview of calculus of factory management. At the forefront of this is the question of land utilization. The case for central planning and determination is easy to make. But the long-range impacts are difficult to appraise. What is the trade-off between the use of agricultural chemicals that have greatly enhanced food supplies and the environmental impacts of those chemicals? The history of mankind has been one of conquering his environment, and that great progress has been made is unquestionable. The central device for guiding this progress has been the market.

The market is a powerful institution. It has the power that can convert acquisitive behavior of economic men into socially useful contributors. Put in this context, the form of market organization and operation becomes of great importance and should be examined carefully.

Market forms have had a long history of development and regulation. This can be readily brought into focus in the world of commodity trading and commodity exchanges. The history of organized commodity exchanges extends as far back as western civilization. Extensive reference to trade and commerce, its ethics, manner of operation, and place in society are found in the Old Testament. The early empires of the Middle East—the Persians, Egyptians, and Assyrians—developed extensive commercial activities and with them rules and practices for trading. The Greeks and Romans drew upon these early experiences for their own laws and customs of trading. The foundation of modern, intricate commercial systems can be found in the legal-economic writings of the Greeks and Romans.

The basic form of modern competitive markets is found in the medieval fairs and markets. The medieval marketing system reached a peak of development in England about 1400. English law and practice of the period 900–1400 carefully prescribed the locations of marketplaces, allowed only one central market within a market area, established the days and hours for trading, and required that transactions be made before witnesses and that sellers cry out in public their wares and prices.

The customs and practices developed during the course of several centuries by the fairs and markets became a part of the "Law Merchant." In addition to the establishment of the nature of the market, they prescribed rules for weights and measures, grading of merchandise, and settlement of contracts.

The early American colonists brought with them the English market concepts and laws. The general pattern of the first American markets was copied from English counterparts. In 1566 Governor Stuyvesant of New York established a public market in "the neighborhood of Master Haus Kierstede's house." The High Street Market was established in Philadelphia in 1693. The Faneuil Market in Boston was established in 1742.

As the United States developed, the huge traffic in grains gave rise to a need for central markets. Merchants in the various cities in the grain areas established exchanges and boards of trade for organized market trading. The first of these was the Chicago Board of Trade, organized in 1848. Its organization was followed by that of the Merchants Exchange in St. Louis in 1854 and the Kansas City Board of Trade in 1869.

The charters of these exchanges stated their general purposes as follows: (1) to provide an organized marketplace, (2) to collect and disseminate market information, (3) to provide uniform rules and standards for trading, and (4) to adjust controversies among members.

From these early developments there followed commodity futures markets. The form was a codification of existing market practices. They were formed out of a crucible of need for developing market forms to cope with existing commercial conditions. Futures markets are a product of their long history, and the story of futures markets is closely related to that of trade in cash commodities.

The basic impetus for futures trading related to inventory risks, and to financing and pricing problems. As commerce developed and required the accumulation of inventories, merchants and processors found themselves with problems that were best managed by forward contracting. This forward contracting developed into standard procedures that were eventually codified and formalized into futures trading.

Forward contracting quickly moved away from commercial interests into the hands of speculators. Relatively little was gained by passing risks from people who did not want them and could not carry them to people who did not want them or could not afford them either. Forward contracts could be made with other commercial people only by the payments of substantial risk premiums, which partly compensated the buyers for risk but in addition reduced prices enough to eliminate a high proportion of the risk. Thus, early in the development, specula-

tors became an essential part of the process. They were better able to assume the risks of price changes than were the commercial interests.

During the nineteenth century markets were beset with problems of rigging, manipulation, power plays, financial failures, and technical problems of delivery. All of these things led to changes in trading rules that greatly reduced or eliminated the problem.

The first federal regulation of futures trading was established in 1922. The law and public regulation have been continually changed during the past one half century.

Both kinds of regulatory action—exchanges and the federal government—have had as an objective regulation to conform with conditions of pure competition as nearly as such conformation is possible. The guiding slogan of the markets is “open outcry.” These markets are the closest approximation to the conditions of pure competition in any economic system in the world.

Futures markets are extraordinarily successful and are growing at a rapid rate. The volume of trading doubled during the 1960s. Volume nearly tripled between 1969 and 1975. New records have been established each year since. Trading in the old established markets, primarily grains and soybeans, has increased. Livestock and product markets were established in the 1960s and have grown rapidly. New markets have been established over a wide range of commodities during the 1970s. These include futures markets in foreign currencies and various financial instruments such as home mortgages and government obligations (money is a commodity).

In considering market form, there is an interesting anomaly. There is on the one hand increasing public intervention in markets for the purpose of correcting inequities in distributive justice and misallocation of resources and, on the other, rapid growth in markets that give unbridled freedom of expression to competitive forces. Futures market put their trust in the wisdom of people whose self-serving actions form the prices that direct and order the operation of the economic system. This is in sharp contrast to central planning that results in prices designed to maximize distributive justice and efficiency of resource use. The anomaly raises a question about the market form that can best advance social welfare.

## CONCLUSIONS

These several parts of prices, competition, speculation, and markets lead to some general observations. First, there is an inevitability about prices. The forces that go into the determination of price can be suppressed and distorted for a time, but

they will eventually surface. This has been the history of every price-controlling scheme. We develop coupons that give us purchasing rights to gasoline, or meat, or shoes, and they take on market value in exchange for money, other purchasing rights, or gifts. There is a hierarchy of rewards in state-controlled economies.

Second, competition is inordinately efficient in getting the economic system operated consistently with the wishes of people. If people want a product, it gets made, and if a product is made that people do not want, it will not sell for enough to cover cost—which is conducive to discounting production.

Third, speculation should be viewed positively. The speculators are the innovators. They are the savers who forgo rewards today in an attempt to achieve greater rewards tomorrow. They are the risk takers who hazard what they have in an attempt to get more. Without them there would be little, if any, economic advance.

Fourth, market forms are important determiners of pricing efficiency and degrees of competition. When market forms are regulated to the competitive model, prices are established that enable free expression of competition. Careful attention needs to be paid to market form.

In all of this, there is an overtone of human values. The pattern of competition, competitively established prices, and speculation has in it elements of individual liberty that are an important part of our value system. Not only is such a system highly productive of goods and services, but it also contributes much to liberty and the excitement of a lifestyle. Without economic freedom there cannot be individual freedom.

This now gets back to the title "People with Orderly Minds Should Not Trade Commodities." The thrust of this essay is that, however disorderly competitive markets may be, the economic system should not be directed in an orderly fashion. For nearly a half century there have been increasing inroads on markets by government, and government has assumed more and more of the directive responsibility. Through taxation, increasing national debt, inflation, regulation, and income transfer, government has moved deeper and deeper into the system. These things are done in the name of an orderly economic system and social justice. In the *Good Society* (1937), Walter Lippman wrote, "The predominate teachings of this age are that there are no limits to man's capacity to govern others, therefore, no limitations ought to be imposed on government. The older faith, born of long ages of suffering under man's dominion over man, was that the exercise of unlimited power by men with limited minds and self-regarding prejudices is soon oppressive, reactionary and corrupt." These teachings, which Lippman opposed, have persisted, so that the underlying philosophy of government is that the state, under a strong leader, has both the moral obligation and competence to run the economy and guarantee security and prosperity to its citizens.

Such is an impossible task. No one can run an economic system. To translate the whole of the processes into mathematical terms would take trillions of equations. The system is fantastically complex and perverse. This is so because people are fantastically complex and perverse. To tamper with one part of the system requires one patch on another until the system is patch upon patch. To “run” the system in an orderly fashion is to defeat the purpose of “running” the system.

But such is not the great weakness of a directed economic system or the great strength of a competitive market system. The great issues are in human values. John Locke, a British philosopher of pre-revolutionary times, wrote, “A man ... having, in the state of nature, no arbitrary power over life, liberty or possession of another, but only so much as the law of nature gave him for the preservation of himself and the rest of mankind, this is all he doth or can give up to the commonwealth, and by it to the legislative power, so that the legislative can have no more than this.” Thus Locke said that the power of the government was limited to the protection of liberty and property. This was written into the *Declaration of Independence* and the *Constitution* of the United States.

The disorderly world of commodity trading is a microcosm of an efficient economic system and a showplace of assertion of liberty and dignity. The two are inextricably mixed. Without economic liberty there cannot be personal liberty, and without personal liberty there cannot be economic liberty. There can be neither personal liberty nor economic liberty without respect for liberty and dignity of other men. Let he who is without humility trade oats, and he will learn. Let he who is without self-respect, be long soybeans in a bull market, and he will learn. People with orderly minds should not trade commodities, but everyone should, for his own good and that of the order, be long or short.