

## DISTRIBUTION OF WEALTH

### § 35. THE PROBLEM OF DISTRIBUTION.

—When wealth has been produced by the co-operation of several men, the question arises: to what share of the product is each of them entitled? If each of them has done work of equal value, no difficulty can arise; each of them is entitled to an equal share. If, however, some contribute more skill than others, or labour more industriously than others, then the more skilful and more industrious have contributed more to the result of the common labour than others, and are, therefore, entitled to a larger share. This problem also offers very little difficulty, provided that each of the producers is free to co-operate with the others or to decline to do so. For, in that case, they will beforehand come to an equitable agreement among themselves.

It is, however, far different when others, who take no personal part in the production of wealth, can demand a share in the produce. In all civilised countries this is the case. The labourer must share the produce of his labour with the owner of the soil on which he labours and from which he derives the material to labour upon; with the owner of the capital which he employs in his labour; and the government also demands a share. The latter may obviously be of an arbitrary character; no limit can be set to it, no natural law can determine it. It is, however, different with the shares which can be claimed by the landowner, the capitalist and the labourer. The problem we have to solve, therefore, is to find out the laws which determine the share which each of these claimants can demand.

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It is, however, important to remember that, though the landowner and capital owner may at the same time be labourers, the nature of the reward which they receive in the latter capacity differs as much from that which they receive in the two former, as if the capital and the land were owned by others.

§ 36. **COMPETITION.**—The share of Wealth which each of the factors in its production can demand is determined by competition.

The competition between labourers, for the use of land and capital, determines the share of wealth which labour can retain; the competition between landowners, for labourers to use the land, determines the share which the landowner can claim; and the competition between the capitalists, for labourers to use their capital, determines the reward of the capitalist.

The relative size of the share which each of these claimants can obtain must, therefore, depend upon the greater or less intensity of competition which exists within their ranks. This intensity of competition is greatest between the labourers; is much less between the capitalists, and is very lax between the landowners.

Unused land causes no expense for safe-keeping; does not deteriorate, on the contrary, frequently improves in productiveness, and always, in progressive communities, gains value just as much as if it were used. Land is a fixed quantity. Human activities cannot add to it. Consequently owners need not fear any increased competition in the future.

Unused capital causes expense for safe-keeping; much of it deteriorates more rapidly than if used; some of it rapidly becomes obsolete, and much of it cannot be kept at all. It can always be added to, and the owners, therefore, generally fear an increased competition in the future.

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### ECONOMIC PRINCIPLES

Unused labour is lost beyond recovery, while the cost of maintaining the labourer is as great, or nearly as great, as if his labour were used.

Labour cannot be exercised except upon land and upon material taken from land; from land it can produce something without capital, but with the help of capital it can produce more. From this and the foregoing considerations it follows:

That under existing laws regarding the ownership of land, the labourers are not free to compete or not to compete with each other. They are forced to compete for land by fear of starvation; they are strongly induced to compete for capital, because without the assistance of capital their labour is comparatively unproductive. The capitalist need not fear starvation if his capital is unused, but loss of capital and income only. His competition for labourers is, therefore, less compulsory. The landowner is frequently quite indifferent, and always more indifferent, whether his land is used or not, because its non-use entails no loss of land, but only a loss of income. In the struggle for a share in the wealth produced, the landowner, therefore, is most powerful; the capitalist somewhat less powerful; the labourer almost powerless.

§ 37. **RENT** is the share in the Wealth produced by Labour which the Landowner can claim for permission (a) to use land as a standing-ground, or as the means of access to other matter, such as ocean or rivers, mines, etc.; (b) to use the elements of fertility contained in the land and the rain and sunshine which quicken them.

It is, therefore, a tax which he levies on the rest of the community, for permitting the use of the natural opportunities without which men can neither live nor work, and which exist independently of the landowner.

The payment demanded for improvements made on the land, such as houses, drains, fences, etc.,