

§ 40. THE ECONOMIC FUNCTION OF RENT is to establish a tendency towards the equalisation of wages.

Rent being deducted, labourers of equal efficiency receive similar wages wherever they may labour under similar social conditions. When rent, the outcome of the growth of society, is owned by the social body, every member of the society receives an equal share in the same. In addition to the wages arising from his individual efforts, which differ in accordance with the efficiency of the latter, every man would receive an equal share in the wealth produced by common effort. As civilisation advances, rent absorbs an increasing share of all the wealth produced. The common fund, therefore, is constantly increasing, and constantly tends to produce a greater equality of condition.

When, however, rent is appropriated by private persons, the opposite result takes place. Those who own it receive a constantly increasing share of all the wealth produced, without effort or labour on their part, while those who produce this wealth receive a constantly decreasing share of it. Under these circumstances, an advancing civilisation must produce an everincreasing disparity of condition, which is not determined by efficiency of service, which on the contrary secures to idlers and gamblers the greatest share in the result of labour.

§ 41. WAGES is the share in the wealth produced which can be claimed by those who take a personal part in its production.

Whether the part which the producer takes is that of organiser or executant, employer or employed, manufacturer, artisan, trader or clerk, the wealth which he receives for his personal exertions is essentially wages, whatever other name may be given to it.

§ 42. THE STATICS OF WAGES. — The natural wages of every labourer consist of the product of his labour.

DISTRIBUTION OF WEALTH

47

Labour can be exercised on land alone; whether the labourer is a manufacturer, artisan, a farmer or trader, he requires land as a foothold and standing-place. Even the labour of the sailor is impossible without the use of a landing-place. The productiveness of labour of the same efficiency, therefore, differs according to the productive capacity of the land which the labourer makes use of. The same labour exercised on more productive land produces more wealth than if exercised on less productive land. Hence the competition of labourers with each other, for land, is determined by the productive capacity of the land. It is most intense for the most productive, less intense for less productive land, and is altogether absent from the marginal land as long as similar land is free to the use of any labourer.

Consequently, the wages of labour, differences of efficiency being excluded, are determined by the productive capacity of the least productive land in use. The wages which can be earned on this no-rent land, determine the wages which can be earned on any land.

§ 43. THE DYNAMICS OF WAGES. — It follows from the preceding examination that anything which increases the productive power of labour on the marginal land must tend to increase wages everywhere.

Inventions, discoveries and subdivisions of labour which are as productive on the marginal as on other land increase wages.

Inventions, discoveries and subdivisions of labour which are applicable to some land only do not increase wages, because they merely increase the rent of such land and do not increase the productive capacity of the marginal land.

The causes which induce an upward tendency of wages are counteracted by others which induce a tendency in the opposite direction. Such are, the growing wants of an increasing population, or

48

ECONOMIC PRINCIPLES

the withdrawal of any more productive land from use or full use, because they compel resort to less productive land; and still more powerful, the conditions which cause rent to be exacted for the use of the least productive land. In the latter case there is no limit to the competition of labourers with each other, and wages must then fall to a level which will just enable a sufficient number of labourers to maintain themselves.

The same natural and artificial causes, therefore, which increase rent reduce wages, either absolutely or relatively to the productiveness of labour. And equally the same causes which tend to prevent the excessive rise of rent, *i.e.* emigration and unchecked importation, also prevent the excessive fall in wages. Legislative measures which would reduce the benefit which landowners derive from withholding land from use or full use, or which would prevent any benefit accruing to them from such a course, would still more powerfully tend to prevent the fall and to induce a rise of wages, because they would reduce or withdraw the inducement for such action.

§ 44. THE REWARD FOR SERVICES. — Every society includes labourers whose exertions are not intended, either directly or indirectly, to assist in the production of wealth (see § 4). Their services are frequently rendered from other motives than that of obtaining wealth. Politicians, soldiers, poets, inventors, amateur singers, actors and athletes, as well as others, render services either without the expectation of any material reward, or in which the expectation of such reward frequently