

CHAPTER XII.

OF POPULAR REMEDIES FOR LOW WAGES.

§ 1. THE simplest expedient which can be imagined for keeping the wages of labour up to the desirable point, would be to fix them by law: and this is virtually the object aimed at in a variety of plans which have at different times been, or still are, current, for remodelling the relation between labourers and employers. No one probably ever suggested that wages should be absolutely fixed; since the interests of all concerned, often require that they should be variable; but some have proposed to fix a minimum of wages, leaving the variations above that point to be adjusted by competition. Another plan, which has found many advocates among the leaders of the operatives, is that councils should be formed, which in England have been called local boards of trade, in France "conseils de prud'hommes," and other names; consisting of delegates from the workpeople and from the employers, who, meeting in fair conference, should agree upon a rate of wages, and promulgate it from authority, to be binding generally on employers and workmen; the ground of decision being, not the state of the labour-market, but natural equity; to provide that the workmen shall have *reasonable* wages, and the capitalist reasonable profits.

Others again (but these are rather philanthropists interesting themselves for the labouring classes, than the labouring people themselves) are shy of admitting the interference of authority in contracts for labour: they fear that if law intervened, it would intervene rashly and ignorantly; they are convinced that two parties, with opposite interests, attempting to adjust those interests by negotiation

through their representatives on principles of equity, when no rule could be laid down to determine what was equitable, would merely exasperate their differences instead of healing them; but what it is useless to attempt by the legal sanction, these persons desire to compass by the moral. Every employer, they think, *ought* to give *sufficient* wages; and if he does it not willingly, should be compelled to it by general opinion; the test of sufficient wages being their own feelings, or what they suppose to be those of the public. This is, I think, a fair representation of a considerable body of existing opinion on the subject.

I desire to confine my remarks to the principle involved in all these suggestions, without taking into account practical difficulties, serious as these must at once be seen to be. I shall suppose that by one or other of these contrivances, wages could be kept above the point to which they would be brought by competition. This is as much as to say, above the highest rate which can be afforded by the existing capital, consistently with employing all the labourers. For it is a mistake to suppose that competition merely keeps down wages. It is equally the means by which they are kept up. When there are any labourers unemployed, these, unless maintained by charity, become competitors for hire, and wages fall; but when all who were out of work have found employment, wages will not, under the freest system of competition, fall lower. There are strange notions afloat concerning the nature of competition. Some people seem to imagine that its effect is something indefinite; that the competition of sellers may lower prices, and the competition of labourers may lower wages, down to zero, or some unassignable minimum. Nothing can be more unfounded. Goods can only be lowered in price by competition, to the point which calls forth buyers sufficient to take them off; and wages can only be lowered by competition until room is made to admit all the labourers to a share in the distribution of the wages-fund. If they fell below this point, a portion

of capital would remain unemployed for want of labourers; a counter-competition would commence on the side of capitalists, and wages would rise.

Since, therefore, the rate of wages which results from competition distributes the whole wages-fund among the whole labouring population; if law or opinion succeeds in fixing wages above this rate, some labourers are kept out of employment; and as it is not the intention of the philanthropists that these should starve, they must be provided for by a forced increase of the wages-fund; by a compulsory saving. It is nothing to fix a minimum of wages, unless there be a provision that work, or wages at least, be found for all who apply for it. This, accordingly, is always part of the scheme; and is consistent with the ideas of more people than would approve of either a legal or a moral minimum of wages. Popular sentiment looks upon it as the duty of the rich, or of the state, to find employment for all the poor. If the moral influence of opinion does not induce the rich to spare from their consumption enough to set all the poor to work at "reasonable wages," it is supposed to be incumbent on the state to lay on taxes for the purpose, either by local rates or votes of public money. The proportion between labour and the wages-fund would thus be modified to the advantage of the labourers, not by restriction of population, but by an increase of capital.

§ 2. If this claim on society could be limited to the existing generation; if nothing more were necessary than a compulsory accumulation, sufficient to provide permanent employment at ample wages for the existing numbers of the people; such a proposition would have no more strenuous supporter than myself. Society mainly consists of those who live by bodily labour; and if society, that is, if the labourers, lend their physical force to protect individuals in the enjoyment of superfluities, they are entitled to do so, and have always done so, with the reservation of a power to tax

those superfluities for purposes of public utility; among which purposes the subsistence of the people is the foremost. Since no one is responsible for having been born, no pecuniary sacrifice is too great to be made by those who have more than enough, for the purpose of securing enough to all persons already in existence.

But it is another thing altogether, when those who have produced and accumulated are called upon to abstain from consuming until they have given food and clothing, not only to all who now exist, but to all whom these or their descendants may think fit to call into existence. Such an obligation acknowledged and acted upon, would suspend all checks, both positive and preventive; there would be nothing to hinder population from starting forward at its rapidest rate; and as the natural increase of capital would, at the best, not be more rapid than before, taxation, to make up the growing deficiency, must advance with the same gigantic strides. The attempt would of course be made to exact labour in exchange for support. But experience has shewn the sort of work to be expected from recipients of public charity. When the pay is not given for the sake of the work, but the work found for the sake of the pay, inefficiency is a matter of certainty: to extract real work from day-labourers without the power of dismissal, is only practicable by the power of the lash. But let them work ever so efficiently, the increasing population could not, as we have so often shewn, increase the produce proportionally: the surplus after all were fed, would bear a less and less proportion to the whole produce and to the population: and the increase of people going on in a constant ratio, while the increase of produce went on in a diminishing ratio, the surplus would in time be wholly absorbed; taxation for the support of the poor would engross the whole income of the country; the payers and the receivers would be melted down into one mass. The check to population either by death or prudence, could not then be staved off any longer, but must come into operation suddenly and at once;

everything which places mankind above a nest of ants or a colony of beavers, having perished in the interval.

These consequences have been so often and so clearly pointed out by celebrated authors, in writings known and accessible, that ignorance of them on the part of educated persons is no longer pardonable. It is doubly discreditable in any person setting up for a public teacher, to ignore these considerations; to dismiss them silently, and discuss or declaim on wages and poor-laws, not as if these arguments could be refuted, but as if they did not exist. Yet such has been the tone of popular and newspaper discussion for some years past.

Every one has a right to live. We will suppose this granted. But no one has a right to bring creatures into life, to be supported by other people. Whoever means to stand upon the first of these rights must renounce all pretension to the last. If a man cannot support even himself unless others help him, those others are entitled to say that they do not also undertake the support of all the offspring which it is physically possible for him to summon into the world. Yet there are abundance of writers and public speakers, including many of most ostentatious pretensions to high feeling, whose views of life are so truly brutish, that they see hardship in preventing paupers from breeding hereditary paupers in the very workhouse itself. Posterity will one day ask with astonishment, what sort of people it could be among whom such preachers could find proselytes.

It is conceivable that the state might guarantee employment at ample wages to all who are born. But if it does this, it is bound in self-protection, and for the sake of every purpose for which government exists, to provide that no person shall be born without its consent. If the ordinary and natural motives to self-restraint are removed, others must be substituted. Restrictions on marriage, at least equivalent to those existing in some of the German

States, or severe penalties on those who have children when unable to support them, would then be indispensable. Society may feed the necessitous, if it takes their multiplication under its control; or it may leave the last to their discretion, if it abandons the first to their own care. But it cannot take half of the one course, and half of the other. Let it choose that, which circumstances or the public sentiment render most expedient. But it cannot with impunity take the feeding upon itself, and leave the multiplying free.

To give profusely to the people, whether under the name of charity or of employment, without placing them under such influences that prudential motives shall act powerfully upon them, is to lavish the means of benefitting mankind, without attaining the object. Leave the people in a situation in which their condition manifestly depends upon their numbers, and the greatest permanent benefit may be derived from any sacrifice made to improve the physical well-being of the present generation, and raise, by that means, the habits of their children. But remove the regulation of their wages from their own control; guarantee them a certain payment, either by law, or by the feeling of the community; and no amount of comfort that you can give them will make either them or their descendants look to their own self-restraint as the proper means for preserving them in that state. You will only make them indignantly claim the continuance of your guarantee, to themselves and their full complement of possible posterity.

On these grounds some writers have altogether condemned the English poor-law, and any system of relief to the able-bodied, at least when uncombined with systematic legal precautions against over-population. The famous Act of 43 Elizabeth undertakes, on the part of the public, to provide work and wages for all the destitute able-bodied: and there is little doubt that if the intent of that Act had been fully carried out, and no means had been adopted by the administrators of relief to neutralize its natural tendencies,

the poor rate would by this time have absorbed the whole net produce of the land and labour of the country. It is not at all surprising, therefore, that Mr. Malthus and others should at first have concluded against all poor-laws whatever. It required much experience and careful examination of different modes of poor-law management, to give assurance that the admission of an absolute right to be supported at the cost of other people, could exist in law and in fact, without fatally relaxing the springs of industry and the restraints of prudence. This, however, was fully substantiated, by the investigations of the original Poor Law Commissioners. Hostile as they are unjustly accused of being to the principle of legal relief, they are the first who fully proved the compatibility of any Poor Law, in which a right to relief was recognized, with the permanent interests of the labouring class and of posterity. By a collation of facts, experimentally ascertained in parishes scattered throughout England, it was shown that the guarantee of support could be freed from its injurious effects upon the minds and habits of the people; if the relief, though ample in respect to necessaries, was accompanied with conditions which they disliked, consisting of some restraints on their freedom, and the privation of certain indulgences. Under this proviso, it may be regarded as irrevocably established, that the fate of no member of the community needs be abandoned to chance; that society can and therefore ought to ensure every individual belonging to it against the extreme of want; that the condition even of those on the lowest step of the social ladder, needs not be one of physical suffering, or the dread of it, but only of restricted indulgence, and enforced rigidity of discipline. This is surely something gained for humanity, important in itself, and still more so as a step to something beyond; and humanity has no worse enemies than those who lend themselves, either knowingly or unintentionally, to bring odium on this law, or on the principles in which it originated.

§ 3. Next to the attempts to regulate wages, and provide artificially that all who are willing to work shall receive an adequate price for their labour, we have to consider another class of popular remedies, which do not profess to interfere with freedom of contract; which allow wages to be what the competition of the market makes them, but, when they are considered insufficient, endeavour by some subsidiary resource to make up to the labourers for the insufficiency. Of this nature was the expedient resorted to by parish authorities during thirty or forty years previous to 1834, generally known as the Allowance System. This was first introduced, when, through a succession of bad seasons, and consequent high prices of food, the wages of labour had become inadequate to afford to the families of the agricultural labourers the degree of support to which they had been accustomed. Sentiments of humanity, joined with the idea then inculcated in high quarters, that people ought not to be allowed to suffer for having enriched their country with a multitude of inhabitants, induced the magistrates of the rural districts to commence giving parish relief to persons already in private employment: and when the practice had once been sanctioned, the immediate interests of the farmers, whom it enabled to throw part of the support of their labourers upon the other inhabitants of the parish, led to a great and rapid extension of it. The principle of this scheme being avowedly that of adapting the means of every family to its necessities, it was a natural corollary that more should be given to the married than to the single, and to those who had large families than to those who had not: in fact, an allowance was usually granted for every child. So direct and positive an encouragement to population is not, however, inseparable from the scheme: the allowance in aid of wages might be a fixed thing, given to all labourers alike, and as this is the least objectionable form which the system can assume, we will give it the benefit of the supposition.

It is obvious that this is merely another mode of fixing a

minimum of wages, no otherwise differing from the direct mode, than in allowing the employer to buy the labour at its market price, the difference being made up to the labourer from a public fund. The one kind of guarantee is open to all the objections which have been urged against the other. It promises to the labourers that they shall all have a certain amount of wages, however numerous they may be: and removes, therefore, alike the positive and the prudential obstacles to an unlimited increase. But besides the objections common to all attempts to regulate wages without regulating population, the allowance system has a peculiar absurdity of its own. This is, that it inevitably takes from wages with one hand what it adds to them with the other. There is a rate of wages, either the lowest on which the people can, or the lowest on which they will consent, to live. We will suppose this to be seven shillings a week. Shocked at the wretchedness of this pittance, the parish authorities humanely make it up to ten. But the labourers are accustomed to seven, and though they would gladly have more, will live on that (as the fact proves) rather than restrain the instinct of multiplication. Their habits will not be altered for the better by giving them parish pay. Receiving three shillings from the parish, they will be as well off as before though they should increase sufficiently to bring down wages to four shillings. They will accordingly people down to that point; or perhaps, without waiting for an increase of numbers, there are unemployed labourers enough in the workhouse to produce the effect at once. It is well known that the allowance system did practically operate in the mode described, and that under its influence wages sank to a lower rate than had been known in England before. During the last century, under a rather rigid administration of the poor laws, population increased slowly, and agricultural wages were considerably above the starvation point. Under the allowance system the people increased so fast, and wages sunk so low, that with wages and allowance together, families were

worse off than they had been before with wages alone. When the labourer depends solely on wages, there *is* an absolute minimum. Anything less than what will absolutely support him he will not take, for if he is to starve, he may as well do so without working as with it. But if the deficiency is to be made up by a forced contribution from all who have anything to give, wages may fall below starvation point; they may fall almost to zero. This deplorable system, worse than any other form of poor law abuse yet invented, inasmuch as it pauperizes not merely the unemployed part of the population but the whole, has now been abolished, and of this one abuse at least it may be said that nobody professes to wish for its revival. Even the agitators against the New Poor Law have hitherto stopped short of patronizing the Allowance System.

§ 4. But while this is (it is to be hoped) exploded, there is another mode of relief in aid of wages, which is at the height of popularity; a mode greatly preferable, morally and socially, to parish allowance, but tending, it is to be feared, to a very similar economical result: I mean the much boasted Allotment System. This, too, is a contrivance to compensate the labourer for the insufficiency of his wages, by giving him something else as a supplement to them: but instead of having them made up from the poor rate, he is enabled to make them up for himself, by renting a small piece of ground, which he cultivates like a garden by spade labour, raising potatoes and other vegetables for home consumption, with perhaps some additional quantity for sale. If he hires the ground ready manured, he sometimes pays for it at as high a rate as eight pounds an acre: but getting his own labour and that of his family for nothing, he is able to gain several pounds by it even at so high a rent*. The patrons of the system make it a great point that the allot-

* See the Evidence on the subject of Allotments, collected by the Commissioners of Poor Law Enquiry.

ment shall be in aid of wages, and not a substitute for them; that it shall not be such as a labourer can live on, but only sufficient to occupy the spare hours and days of a man in tolerably regular agricultural employment, with assistance from his wife and children. They usually limit the extent of a single allotment to a quarter, or something between a quarter and half an acre. If it exceeds this, without being enough to occupy him entirely, it will make him, they say, a bad and uncertain workman for hire: if it is sufficient to take him entirely out of the class of hired labourers, and to become his sole means of subsistence, it will make him an Irish cottier; for which assertion, at the enormous rents usually demanded, there is some foundation. But in their precautions against cottierism, these well-meaning persons do not perceive, that if the system they patronize is not a cottier system, it is, in essentials, neither more nor less than a system of conacre.

There is no doubt a material difference between eking out insufficient wages by a fund raised by taxation, and doing the same thing by means which make a clear addition to the gross produce of the country. There is also a difference between helping a labourer by means of his own industry, and subsidizing him in a mode which tends to make him careless and idle. On both these points, allotments have an unquestionable advantage over parish allowances. But in their effect on wages and population, I see no reason why the two plans should substantially differ. All subsidies in aid of wages enable the labourer to do with less remuneration, and therefore ultimately bring down the price of labour by the full amount, unless a change be wrought in the ideas and requirements of the labourer; an alteration in the relative value which he sets upon the gratification of his instincts, and upon the increase of his comforts and the comforts of those connected with him. That any such change in his character should be produced by the allotment system, appears to me a thing not to be expected. The possession of land, we are

sometimes told, renders the labourer provident. Property in land does so; or what is equivalent to property, occupation on fixed terms and on a permanent tenure. But mere hiring from year to year was never found to have any such effect. Does possession of land render the Irishman provident? Testimonies, it is true, abound, and I do not seek to discredit them, of the beneficial change produced in the conduct and condition of labourers, by receiving allotments. Such an effect is to be expected while those who hold them are a small number; a privileged class, having a status above the common level, which they are unwilling to lose. They are also, no doubt, almost always, originally a select class, composed of the most favourable specimens of the labouring people: which, however, is attended with the inconvenience that the persons to whom the system facilitates marrying and having a family, are precisely those who would otherwise be the most likely to practise prudential restraint. As affecting the general condition of the labouring class, the scheme, as it seems to me, must be either nugatory or mischievous. If only a few labourers have allotments, they are naturally those who could do best without them, and no good is done to the class: while, if the system were general, and every or almost every labourer had an allotment, I believe the effect would be much the same as when every or almost every labourer had an allowance in aid of wages. I think there can be no doubt that if, at the end of the last century, the Allotment instead of the Allowance system had been generally adopted in England, it would equally have broken down the practical restraints on population which at that time did really exist; population would have started forward exactly as in fact it did; and in twenty years, wages plus the allotment would have been, as wages plus the allowance actually were, no more than equal to the former wages without any allotment. The only difference in favour of allotments would have been, that they make the people grow their own poor rates.

I am at the same time quite ready to allow, that in some circumstances, the possession of land at a fair rent, even without ownership, by the generality of labourers for hire, operates as a cause not of low, but of high wages. This, however, is when their land renders them, to the extent of actual necessities, independent of the market for labour. There is the greatest difference between the position of people who live by wages, with land as an extra resource, and of people who can, in case of necessity, subsist entirely on their land, and only work for hire to add to their comforts. Wages are likely to be high where none are compelled by necessity to sell their labour. "People who have at home some kind of property to apply their labour to, will not sell their labour for wages that do not afford them a better diet than potatoes and maize, although in saving for themselves, they may live very much on potatoes and maize. We are often surprised in travelling on the Continent, to hear of a rate of day's wages very high, considering the abundance and cheapness of food. It is want of the necessity or inclination to take work, that makes day labour scarce, and, considering the price of provisions, dear, in many parts of the Continent, where property in land is widely diffused among the people." Thus says Mr. Laing*, and his remark is certainly just. There are parts of the Continent where, even of the inhabitants of the towns, scarcely one seems to be exclusively dependent on his ostensible employment; and nothing else can explain the high price they put on their services, and the carelessness they evince as to whether they are employed at all. But the effect would be far different if their land or other resources gave them only a fraction of a subsistence, leaving them under an undiminished necessity of selling their labour for wages in an overstocked market. Their land would then merely enable them to exist on smaller wages, and to carry their multiplication so much the further before

* *Notes of a Traveller*, p. 456.

reaching the point below which they either could not, or would not, descend.

To the view I have taken of the effect of allotments, I see no argument which can be opposed, but that employed by Mr. Thornton*, with whom on this subject I am at issue. His defence of allotments is grounded on the general principle, that it is only the very poor who multiply without regard to consequences, and that if the condition of the existing generation could be greatly improved, which he thinks might be done by the allotment system, their successors would grow up with an increased standard of requirements, and would not have families until they could keep them in as much comfort as they had been brought up themselves. I agree in as much of this argument as goes to prove that a sudden and very great improvement in the condition of the poor, has always, through its effect on their habits of life, a chance of becoming permanent. What happened at the time of the French Revolution is an example. But I cannot think that the addition of a quarter or even half an acre to every labourer's cottage, and that too at a rack rent, would (after the fall of wages which would be necessary to absorb the already existing mass of pauper labour) make so great a difference in the comforts of the family for a generation to come, as to raise up from childhood a labouring population with a really higher permanent standard of requirements and habits. So small a portion of land could only be made a permanent benefit, by holding out encouragements to acquire by industry and saving, the means of buying it outright: a permission which, if extensively made use of, would be a kind of education in forethought and frugality to the entire class, the effects of which might not cease with the occasion. The benefit would however arise not from what was given, but from what they were stimulated to acquire.

No remedies for low wages have the smallest chance of

* See Thornton on *Over-Population*, ch. viii.

being efficacious, which do not operate on and through the minds and habits of the people. While these are unaffected, any contrivance, even if successful, for temporarily improving the condition of the very poor, would but let slip the reins by which population was previously curbed; and could only, therefore, continue to produce its effect, if, by the whip and spur of taxation, capital were compelled to follow at an equally accelerated pace. But this process could not possibly continue for long together, and whenever it stopped it would leave the country with an increased number of the poorest class, and a diminished proportion of all except the poorest, or, if it continued long enough, with none at all. For "to this complexion must come at last" all social arrangements, which remove the natural checks to population without substituting any others.

CHAPTER XIII.

THE REMEDIES FOR LOW WAGES FURTHER CONSIDERED.

§ 1. BY what means, then, is poverty to be contended against? How is the evil of low wages to be remedied? If the expedients usually recommended for the purpose are not adapted to it, can no others be thought of? Is the problem incapable of solution? Can political economy do nothing, but only object to everything, and demonstrate that nothing can be done?

If this were so, political economy might have a needful, but would have a melancholy, and a thankless task. If the bulk of the human race are always to remain as at present, slaves to toil in which they *have* no interest, and therefore *feel* no interest—drudging from early morning till late at night for bare necessaries, and with all the intellectual and moral deficiencies which that implies—without resources either in mind or feelings—untaught, for they cannot be better taught than fed; selfish, for all their thoughts are required for themselves; without interests or sentiments as citizens and members of society, and with a sense of injustice rankling in their minds, equally for what they have not, and for what others have; I know not what there is which should make a person with any capacity of reason, concern himself about the destinies of the human race. There would be no wisdom for any one but in extracting from life, with Epicurean indifference, as much personal satisfaction for himself and those with whom he sympathizes, as it can yield without injury to any one, and letting the unmeaning bustle of so-called civilized existence roll by unheeded. But there is no ground for such a view of human affairs. Poverty, like most social evils, exists because men follow their brute instincts without due consi-

deration. But society is possible, precisely because man is not necessarily a brute. Civilization in every one of its aspects is a struggle against the animal instincts. Over some even of the strongest of them, it has shewn itself capable of acquiring abundant control. It has artificialized large portions of mankind to such an extent, that of many of their most natural inclinations they have scarcely a vestige or a remembrance left. If it has not brought the instinct of population under as much restraint as is needful, we must remember that it has never seriously tried. What efforts it has made, have mostly been in the contrary direction. Religion, morality, and statesmanship have vied with one another in incitements to marriage, and to the multiplication of the species, so it be but in wedlock. Religion has not even yet discontinued its encouragements. The Roman Catholic clergy (of any other clergy it is unnecessary to speak, since no other have any considerable influence over the poorer classes) everywhere think it their duty to promote marriage, in order to prevent fornication. There is still in many minds a strong religious prejudice against the true doctrine. The rich, provided the consequences do not touch themselves, think it impugns the wisdom of Providence to suppose that misery can result from the operation of a natural propensity: the poor think that "God never sends mouths but he sends meat." No one would guess from the language of either, that man had any voice or choice in the matter. So complete is the confusion of ideas on the whole subject; owing in a great degree to the mystery in which it is shrouded by a spurious delicacy, which prefers that right and wrong should be mismeasured and confounded on one of the subjects most momentous to human welfare, rather than that the subject should be freely spoken of and discussed. People are little aware of the cost to mankind of this scrupulosity of speech. The diseases of society can, no more than corporal maladies, be prevented or cured without being spoken about in plain language. All experience shews that the mass of

mankind never judge of moral questions for themselves, never see anything to be right or wrong until they have been frequently told it; and who tells them that they have any duties in the matter in question, while they keep within matrimonial limits? Who meets with the smallest condemnation, or rather, who does not meet with sympathy and benevolence, for any amount of evil which he may have brought upon himself and those dependent on him, by this species of incontinence? While a man who is intemperate in drink, is discountenanced and despised by all who profess to be moral people, is it not to this hour the favourite recommendation for any parochial office bestowed by popular election, to have a large family and to be unable to maintain them? Do not the candidates placard their intemperance on walls, and publish it through the town in circulars?

One cannot wonder that silence on this great department of human duty should produce unconsciousness of moral obligations, when it produces oblivion of physical facts. That it is possible to delay marriage, and to live in abstinence while unmarried, most people are willing to allow; but when persons are once married, the idea, in this country, never seems to enter any one's mind that having or not having a family, or the number of which it shall consist, is at all amenable to their own control. One would imagine that children were rained down upon married people, direct from heaven, without their being art or part in the matter; that it was really, as the common phrases have it, God's will, and not their own, which decided the numbers of their offspring. Let us see what is a Continental philosopher's opinion on this point; a man among the most benevolent of his time, and the happiness of whose married life has been celebrated.

"Lorsque des préjugés dangereux," says Sismondi*, "ne sont point accrédités, lorsqu'une morale contraire à nos vrais

* *Nouveaux Principes*, liv. vii. ch. 5.

devoirs envers les autres et surtout envers les créatures qui nous doivent la vie, n'est point enseignée au nom de l'autorité la plus sacrée, aucun homme sage ne se marie avant de se trouver dans une condition qui lui donne un moyen assuré de vivre; aucun père de famille n'a plus d'enfans qu'il n'en peut convenablement élever. Ce dernier compte à bon droit que ses enfans devront se contenter du sort dans lequel il a vécu; aussi doit-il désirer que la génération naissante représente exactement celle qui s'en va; qu'un fils et une fille arrivés à l'âge nubile remplacent son père et sa mère; que les enfans de ses enfans le remplacent à son tour avec sa femme; que sa fille trouve dans une autre maison, précisément le sort qu'il donnera à la fille d'une autre maison dans la sienne, et que le revenu qui suffisait aux pères suffise aux enfans." In a country increasing in wealth something more than this would be allowable, but that is a question of detail, not of principle. "Une fois que cette famille est formée, la justice et l'humanité exigent qu'il s'impose la même contrainte à laquelle se soumettent les célibataires. Lorsqu'on voit combien est petit, en tout pays, le nombre des enfans naturels, on doit reconnaître que cette contrainte est suffisamment efficace. Dans un pays où la population ne peut pas s'accroître, ou du moins dans lequel son progrès doit être si lent qu'il soit à peine perceptible, quand il n'y a point de places nouvelles pour de nouveaux établissemens, un père qui a huit enfans doit compter, ou que six de ses enfans mourront en bas âge, ou que trois de ses contemporains et trois de ses contemporaines, et dans la génération suivante, trois de ses fils et trois de ses filles ne se marieront pas à cause de lui."

§ 2. Those who think it hopeless that the labouring classes should be induced to practise a sufficient degree of prudence in regard to the increase of their families, because they have hitherto stopt short of that point, show an inability to estimate the ordinary principles of human action. Nothing more would probably be necessary to secure that result, than

an opinion generally diffused that it was desirable. As a moral principle, such an opinion has never yet existed in any country: it is curious that it does not so exist in countries in which, from the spontaneous operation of individual forethought, population is, comparatively speaking, efficiently repressed. What is practised as prudence, is still not recognized as duty; the talkers and writers are mostly on the other side, even in France, where a sentimental horror of Malthus is almost as rife as in this country. Many causes may be assigned, besides the modern date of the doctrine, for its not having yet gained possession of the general mind. Its truth has, in some respects, been its detriment. One may be permitted to doubt whether, except among the poor themselves (for whose prejudices on this subject there is no difficulty in accounting) there has ever yet been, in any class of society, a sincere and earnest desire that wages should be high. There has been plenty of desire to keep down the poor rate; but, that done, people have been very willing that the working classes should be ill off. Nearly all who are not labourers themselves, are employers of labour, and are not sorry to get the commodity cheap. It is a fact, that even Boards of Guardians, who are supposed to be official apostles of anti-population doctrines, will seldom hear patiently of anything which they are pleased to designate as Malthusianism. Boards of Guardians principally consist of farmers, and farmers, it is well known, in general dislike even allotments, as making the labourers "too independent." From the gentry, who are in less immediate contact and collision of interest with the labourers, better things might be expected, and the gentry of England are usually charitable. But charitable people have human infirmities, and would, very often, be secretly not a little dissatisfied if no one needed their charity: it is from them one oftenest hears the base doctrine, that God has decreed there shall always be poor. When one adds to this, that nearly every person who has had in him any active spring of exertion for a social object, has

had some favourite reform to effect, which he thought the admission of this great principle would throw into the shade; has had corn laws to repeal, or taxation to reduce, or small notes to issue, or the charter to carry, or the church and the aristocracy to pull down, and looked upon every one as an enemy who thought anything important except his object; it is scarcely wonderful that since the population doctrine was first promulgated, nine-tenths of the talk has always been against it, and the remaining tenth only audible at intervals; and that it has not yet penetrated far among those who might be expected to be the least willing recipients of it, the labourers themselves.

But let us try to imagine what would happen if the idea became general among the labouring class, that the competition of too great numbers was the principal cause of their poverty; so that every labourer looked (with Sismondi) upon every other who had more than the number of children which the circumstances of society allowed to each, as doing him a wrong—as filling up the place which he was entitled to share—as helping to prevent him from having the number of children who would not be a burthen but an advantage to him. Any one who supposes that this state of opinion would not have a great effect on conduct, must be profoundly ignorant of human nature; can never have considered how large a portion of the motives which induce the generality of men to take care even of their own interest, is derived from regard for opinion—from the expectation of being disliked or despised for not doing it. We are often told that the most thorough perception of the dependence of wages on population will not influence the conduct of a labouring man, because it is not the children he himself can have that will produce any effect in generally depressing the labour market. True: and it is also true, that one soldier's running away will not lose the battle; accordingly it is not that consideration which keeps each soldier in his rank: it is the disgrace which naturally and inevitably attends on

conduct by any one individual, which if pursued by a majority, everybody can see would be fatal. Men are seldom found to brave the general opinion of their class, unless supported either by some principle higher than regard for opinion, or by some strong body of opinion elsewhere.

It must be borne in mind also, that the opinion here in question, as soon as it attained any prevalence, would have powerful auxiliaries in the great majority of women. It is never by the choice of the wife that families are too numerous; on her devolves (along with all the physical suffering and at least a full share of the privations) the whole of the intolerable domestic drudgery resulting from the excess. To be relieved from it would be hailed as a blessing by multitudes of women who now never venture to urge such a claim, but who would urge it, if supported by the moral feelings of the community. Among the barbarisms which law and morals have not yet ceased to sanction, the most disgusting surely is, that any human being should be permitted to consider himself as having a *right* to the person of another.

If the opinion were once generally established among the labouring class, that their welfare required a due regulation of the numbers of families, the respectable and well-conducted of the body would conform to the prescription, and only those would exempt themselves from it, who were in the habit of making light of social obligations generally; and it is then that a justification would exist for converting the moral obligation against bringing children into the world who are a burthen to the community, into a legal one; just as in many other cases of the progress of opinion, the law ends by enforcing against recalcitrant minorities, obligations which to be useful must be general, and which, from a sense of their utility, a large majority have voluntarily consented to take upon themselves. Whether a legal sanction would be ultimately required, or moral sanctions, and the indirect influence of law and policy, would suffice—and if legal measures were necessary, of what nature it would be advanta-

geous that they should be, it would be premature, in the present state of the question, to discuss*.

The prospects, then, of the existing system of society, depend upon this: What chance is there that opinions and feelings, grounded on the law of the dependence of wages on population, will arise among the labouring classes? and by what means can such opinions and feelings be called forth? Before considering the grounds of hope on this subject, a hope which many persons, no doubt, will be ready without consideration to pronounce chimerical, I will remark, that on the possibility of making a satisfactory answer to these two questions, depends the acquittal or the condemnation of the industrial system prevailing in this country, and regarded by many writers as the *ne plus ultra* of civilization—the permanent dependence of the whole labouring class of the community on the wages of hired labour. The question we are considering is, whether, of this state of things, overpopulation and a degraded condition of the labouring class are the inevitable consequence. If a prudent regulation of population were not reconcilable with the system of hired labour, the conclusion would be that the system is a nuisance, and that the grand object of economical statesmanship should be, (by whatever arrangements of property and alterations in the modes of applying industry) to bring the labouring people under the influence of stronger and more obvious inducements to this kind of prudence, than the relation of workmen and employers could afford.

There is, however, no such incompatibility. The causes of poverty are not so obvious at first sight to a population of

* Although, in this place, where the subject under discussion is the causes and remedies of low wages, the question of population is treated chiefly as a labourer's question, the principle contended for includes not only the labouring classes, but all persons, except the few who being able to give to their offspring the means of independent support during the whole of life, do not leave them to swell the competition for employment.

hired labourers, as to one of proprietors, but they are in no way mysterious. The dependence of wages on the number of the competitors for employment, is so far from hard of comprehension, or unintelligible to the labouring classes, that by great bodies of them it is already recognized and habitually acted on. It is familiar to all Trades Unions: every successful combination to keep up wages, owes its success to contrivances for restricting the number of the competitors; all skilled trades are anxious to keep down their own numbers, and many impose, or endeavour to impose, as a condition upon employers, that they shall not take more than a prescribed number of apprentices. There is, of course, a great difference between limiting their numbers by excluding other people, and doing the same thing by a restraint imposed on themselves; but the one as much as the other shows a clear perception of the relation between their numbers and their remuneration. The principle is understood in its application to any one employment, but not to the general mass of employment. For this there are several reasons: first, the operation of causes is more easily and distinctly seen in the more circumscribed field: secondly, skilled artisans are a more intelligent class than ordinary manual labourers; and the habit of concert, and of passing in review their general condition as a trade, keeps up a better understanding of their collective interests: thirdly and lastly, they are the most provident, because they are the best off, and have the most to preserve. What, however, is clearly perceived and admitted in particular instances, it cannot be hopeless to see understood and acknowledged as a general truth. Its recognition, at least in theory, seems a thing which must necessarily and immediately come to pass, when the minds of the labouring classes become capable of taking any rational view of their own aggregate condition. Of this the majority of them have until now been incapable, either from the uncultivated state of their intelligence, or from poverty, which leaving them neither the fear of worse, nor the smallest hope

of better, makes them careless of the consequences of their actions, and without thought for the future.

§ 3. For the purpose therefore of altering the habits of the labouring people, there is need of a twofold action, directed simultaneously upon their intelligence and their poverty. An effective national education of the children of the labouring class, is the first thing needful; and, coincidentally with this, a system of measures which shall (as the Revolution did in France) extinguish extreme poverty for one whole generation.

This is not the place for discussing, even in the most general manner, either the principles or the machinery of National Education. Of the little which is fit to be said on such a subject in a treatise like the present, the smallest portion only can be alluded to in this part of it. But it is to be hoped that opinion on the subject is advancing, and that an education of mere words would not now satisfy us, slow as our progress is towards giving anything better even to those for whom we profess to do our very best. Without entering into disputable points, it may be asserted without scruple, that the aim of all intellectual training for the mass of the people, should be to cultivate common sense; to qualify them for forming a sound practical judgment of the circumstances by which they are surrounded. Whatever, in the intellectual department, can be superadded to this, is chiefly ornamental; while this is the indispensable groundwork on which education must rest. Let this object be acknowledged and kept in view as the thing to be first aimed at, and there will be little difficulty in deciding either what to teach, or in what manner to teach it.

An education directed to diffuse good sense among the people, with such knowledge as would qualify them to judge of the tendencies of their actions, would be certain, even without any direct inculcation, to raise up a public opinion by which intemperance and improvidence of every kind

would be held discreditable, and the improvidence which overstocks the labour market would be severely condemned, as an offence against the common weal. But though the sufficiency of such a state of opinion, supposing it formed, to keep the increase of population within proper limits, cannot, I think, be doubted; yet for the formation of the opinion, it would not do to trust to education alone. Education is not compatible with extreme poverty. It is impossible effectually to teach an indigent population. And it is difficult to make those feel the value of comfort who have never enjoyed it, or those appreciate the wretchedness of a precarious subsistence, who have been made reckless, by always living from hand to mouth. Individuals often struggle upwards into a condition of ease; but the utmost that can be expected from a whole people is to maintain themselves in it; and improvement in the habits and requirements of the mass of unskilled day-labourers will be difficult and tardy, unless means can be contrived of raising the entire body to a state of tolerable comfort, and maintaining them in it until a new generation grows up.

Towards effecting this object there are two resources available, without wrong to any one, without any of the liabilities of mischief attendant on voluntary or legal charity, and not only without weakening, but on the contrary strengthening, every incentive to industry and every motive to forethought.

§ 4. The first is, a great national measure of colonization. I mean, a grant of public money, sufficient to remove at once, and establish in the colonies, a considerable fraction of the youthful agricultural population. By giving the preference, as Mr. Wakefield proposes, to young couples, or when these cannot be obtained, to families with children nearly grown up, the expenditure would be made to go the farthest possible towards accomplishing the end, while the colonies would be supplied with the greatest amount of what is there

in deficiency, and here in superfluity, present and prospective labour. It has been shown by others, and the grounds of the opinion will be exhibited in a subsequent chapter of the present work, that colonization on an adequate scale might be so conducted as to cost the country nothing, or nothing that would not be certainly repaid; and that the funds required, even by way of advance, would not be drawn from the capital employed in maintaining labour, but from that surplus which cannot find employment at such profit as constitutes an adequate remuneration for the abstinence of the possessor, and which is therefore sent abroad for investment, or wasted at home in reckless speculations. That portion of the income of the country which is habitually ineffective for any purpose of benefit to the labouring class, would bear any draught which it could be necessary to make on it for the amount of emigration which is here in view.

To the case of Ireland, in her present crisis of transition, colonization, as the exclusive remedy, is, I conceive, unsuitable. The Irish are nearly the worst adapted people in Europe for settlers in the wilderness: nor should the founders of nations destined perhaps to be the most powerful in the world, be drawn principally from the least civilized and least improved inhabitants of old countries. It is most fortunate therefore that the unoccupied lands of Ireland herself afford a resource so nearly adequate to the emergency, as reduces emigration to a rank merely subsidiary. In England and Scotland, with a population much less excessive, and better adapted to a settler's life, colonization must be the chief resource for easing the labour market, and improving the condition of the existing generation of labourers so materially as to raise the permanent standard of habits in the generation following. But England too has waste lands, though less extensive than those of Ireland; and the second resource would be, to devote all common land, hereafter brought into cultivation, to raising up a class of small proprietors. It has long enough been the practice to take these lands from public

use, for the mere purpose of adding to the domains of the rich. It is time that what is left of them should be retained as an estate sacred to the benefit of the poor. The machinery for administering it already exists, having been created by the General Inclosure Act. What I would propose (though, I confess, with small hope of its being soon adopted) is, that in all future cases in which common land is permitted to be inclosed, such portion should first be sold or assigned as is sufficient to compensate the owners of manorial or common rights, and that the remainder should be divided into sections of five acres or thereabouts, to be conferred in absolute property on families of the labouring class who would reclaim and bring them into cultivation by their own labour. The preference should be given to such families, and there are many of them, as had saved enough to maintain them until their first crop was got in, or whose character was such as to induce some responsible person to advance them the requisite amount on their personal security. The tools, the manure, and in some cases the subsistence also, might be supplied by the parish, or by the state; interest for the advance, at the rate yielded by the public funds, being laid on as a perpetual quitrent, with power to the peasant to redeem it at any time for a moderate number of years' purchase. These little landed estates might, if it were thought necessary, be made indivisible by law; though, if the plan worked in the manner designed, I should not apprehend any objectionable degree of subdivision. In case of intestacy, and in default of amicable arrangement among the heirs, they might be bought by government at their value, and re-granted to some other labouring family which could give security for the price. The desire to possess one of these small properties would probably become, as on the Continent, an inducement to prudence and economy pervading the whole labouring population; and that great desideratum among a people of hired labourers would be provided, an intermediate class between them and their employers; affording them the

double advantage, of an object for their hopes, and, as there would be good reason to anticipate, an example for their imitation.

It would, however, be of little avail that either or both of these measures of relief should be adopted, unless on such a scale, as would enable the whole body of hired labourers remaining on the soil to obtain not merely employment, but a large addition to the present wages—such an addition as would enable them to live and bring up their children in a degree of comfort and independence to which they have hitherto been strangers. When the object is to raise the permanent condition of a people, small means do not merely produce small effects, they produce no effect at all. Unless comfort can be made as habitual to a whole generation as indigence is now, nothing is accomplished, and feeble half-measures do but fritter away resources, far better reserved until the improvement of public opinion and of education shall raise up politicians who will not think that merely because a scheme promises much, the part of statesmanship is to have nothing to do with it.

CHAPTER XIV.

OF THE DIFFERENCES OF WAGES IN DIFFERENT EMPLOYMENTS.

§ 1. IN treating of wages, we have hitherto confined ourselves to the causes which operate on them generally, and *en masse*; the laws which govern the remuneration of ordinary or average labour; without reference to the existence of different kinds of work which are habitually paid at different rates, depending in some degree on different laws. We will now take into consideration these differences, and examine in what manner they affect or are affected by the conclusions already established.

A well known and very popular chapter of Adam Smith* contains the best exposition yet given of this portion of the subject. I cannot indeed think his treatment so complete and exhaustive as it has sometimes been considered; but as far as it goes, his analysis is on the whole successful.

The differences, he says, arise partly from the policy of Europe, which nowhere leaves things at perfect liberty, and partly “from certain circumstances in the employments themselves, which either really, or at least in the imaginations of men, make up for a small pecuniary gain in some, and counterbalance a great one in others.” These circumstances he considers to be: “First, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and fifthly, the probability or improbability of success in them.”

* *Wealth of Nations*, book i. ch. 10.

Several of these points he has very copiously illustrated: though his examples are sometimes drawn from a state of facts now no longer existing. "The wages of labour vary with the ease or hardship, the cleanliness or dirtiness, the honourableness or dishonourableness of the employment. Thus, in most places, take the year round, a journeyman tailor earns less than a journeyman weaver. His work is much easier." "Things have much altered, as to a weaver's remuneration, since Adam Smith's time; and the artisan whose work was more difficult than that of a tailor, can never, I think, have been the common weaver. "A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleaner." A more probable explanation is, that it requires less bodily strength. "A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in daylight, and above ground. Honour makes a great part of the reward of all honourable professions. In point of pecuniary gain, all things considered," their recompense is, in his opinion, below the average. "Disgrace has the contrary effect: The trade of a butcher is a brutal and an odious business; but it is in most places more profitable than the greater part of common trades. The most detestable of all employments, that of public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever."

One of the causes which make hand-loom weavers cling to their occupation in spite of the scanty remuneration which it now yields, is said to be a peculiar attractiveness, arising from the freedom of action which it allows to the workman. "He can play or idle," says a recent authority*, "as feeling or inclination lead him; rise early or late, apply

* Mr. Muggeridge's Report to the Handloom Weavers' Inquiry Commission.

himself assiduously or carelessly, as he pleases, and work up at any time, by increased exertion, hours previously sacrificed to indulgence or recreation. There is scarcely another condition of any portion of our working population thus free from external control. The factory operative is not only mulcted his wages for absence, but, if of frequent occurrence, discharged altogether from his employment. The bricklayer, the carpenter, the painter, the joiner, the stonemason, the outdoor labourer, have each their appointed daily hours of labour, a disregard of which would lead to the same result." Accordingly, "the weaver will stand by his loom while it will enable him to exist, however miserably; and many, induced temporarily to quit it, have returned to it again, when work was to be had."

There is no difficulty in understanding the operative principle in all these cases. If, with complete freedom of competition, labour of different degrees of desirableness were paid alike, competitors would crowd into the more attractive employments, and desert the less eligible, thus lowering wages in the first, and raising them in the second, until there would be such a difference of reward as to balance in common estimation the difference of eligibility. Under the unobstructed influence of competition, wages tend to adjust themselves in such a manner, that the situation and prospects of the labourers in all employments shall be, in the general estimation, as nearly as possible on a par.

"Employment is much more constant," continues Adam Smith, "in some trades than in others. In the greater part of manufactures, a journeyman may be pretty sure of employment almost every day in the year that he is able to work" (the interruptions of business arising from overstocked markets, or from a suspension of demand, or from a commercial crisis, must be excepted). "A mason or bricklayer, on the contrary, can work neither in hard frost nor in foul weather, and his employment at all other times depends upon the occasional calls of his customers. He is liable, in consequence,

to be frequently without any. What he earns, therefore, while he is employed, must not only maintain him while he is idle, but make him some compensation for those anxious and desponding moments which the thought of so precarious a situation must sometimes occasion. When the computed earnings of the greater part of manufacturers, accordingly, are nearly upon a level with the day wages of common labourers, those of masons and bricklayers are generally from one-half more to double those wages. No species of skilled labour, however, seems more easy to learn than that of masons and bricklayers. The high wages of those workmen, therefore, are not so much the recompense of their skill, as the compensation for the inconstancy of their employment.

“When the inconstancy of the employment is combined with the hardship, disagreeableness, and dirtiness of the work, it sometimes raises the wages of the most common labour above those of the most skilful artificers. A collier working by the piece is supposed at Newcastle to earn commonly about double, and in many parts of Scotland about three times, the wages of common labour. His high wages arise altogether from the hardship, disagreeableness, and dirtiness of his work. His employment may, upon most occasions, be as constant as he pleases. The coal-heavers in London exercise a trade which in hardship, dirtiness, and disagreeableness, almost equals that of colliers; and from the unavoidable irregularity in the arrivals of coalships, the employment of the greater part of them is necessarily very inconstant. If colliers, therefore, commonly earn double and triple the wages of common labour, it ought not to seem unreasonable that coal-heavers should sometimes earn four or five times those wages. In the enquiry made into their condition a few years ago, it was found that at the rate at which they were then paid, they could earn about four times the wages of common labour in London. How extravagant soever these earnings may appear, if they were more than sufficient to

compensate all the disagreeable circumstances of the business, there would soon be so great a number of competitors as, in a trade which has no exclusive privilege, would quickly reduce them to a lower rate.”

One of the points best illustrated by Adam Smith, is the influence exercised on the remuneration of an employment by the uncertainty of success in it. If the chances are great of total failure, the reward in case of success must be sufficient to make up, in the general estimation, for those adverse chances. But, owing to another principle of human nature, if the reward comes in the shape of a few great prizes, it usually attracts competitors in such numbers, that the average remuneration may be reduced not only to zero, but even to a negative quantity. The success of lotteries proves that this is possible: since the aggregate body of adventurers in lotteries necessarily lose, otherwise the undertakers could not gain. The case of certain professions is considered by Adam Smith to be similar. “The probability that any particular person shall ever be qualified for the employment to which he is educated, is very different in different occupations. In the greater part of mechanic trades, success is almost certain, but very uncertain in the liberal professions. Put your son apprentice to a shoemaker, there is little doubt of his learning to make a pair of shoes: but send him to study the law, it is at least twenty to one if ever he makes such proficiency as will enable him to live by the business. In a perfectly fair lottery, those who draw the prizes ought to gain all that is lost by those who draw the blanks. In a profession where twenty fail for one that succeeds, that one ought to gain all that should have been gained by the unsuccessful twenty. The counsellor-at-law who, perhaps, at near forty years of age, begins to make something by his profession, ought to receive the retribution, not only of his own so tedious and expensive education, but of that of more than twenty others who are never likely to make anything by it. How extravagant soever the fees of

counsellors-at-law may sometimes appear, their real retribution is never equal to this. Compute in any particular place what is likely to be annually gained, and what is likely to be annually spent, by all the different workmen in any common trade, such as that of shoemakers or weavers, and you will find that the former sum will generally exceed the latter. But make the same computation with regard to all the counsellors and students of law, in all the different inns of court, and you will find that their annual gains bear but a small proportion to their annual expense, even though you rate the former as high, and the latter as low, as can well be done."

Whether this is true in our own day, when the gains of the few are incomparably greater than in the time of Adam Smith, but also the unsuccessful aspirants much more numerous, those who have the appropriate information must decide. It does not, however, seem to be sufficiently considered by Adam Smith, that the prizes which he speaks of, comprise not the fees of counsel only, but the places of emolument and honour to which their profession gives access, together with the coveted distinction of a conspicuous position in the public eye.

Even where there are no great prizes, the mere love of excitement is sometimes enough to cause an adventurous employment to be overstocked. This is apparent "in the readiness of the common people to enlist as soldiers, or to go to sea. . . . The dangers and hair-breadth escapes of a life of adventures, instead of disheartening young people, seem frequently to recommend a trade to them. A tender mother, among the inferior ranks of people, is often afraid to send her son to school at a sea-port town, lest the sight of the ships and the conversation and adventures of the sailors should entice him to go to sea. The distant prospect of hazards, from which we can hope to extricate ourselves by courage and address, is not disagreeable to us, and does not raise the wages of labour in any employment. It is otherwise

with those in which courage and address can be of no avail. In trades which are known to be very unwholesome, the wages of labour are always remarkably high. Unwholesomeness is a species of disagreeableness, and its effects upon the wages of labour are to be ranked under that general head."

§ 2. All these are cases in which inequality of remuneration is necessary to produce equality of attractiveness, and are examples of the equalizing effect of free competition. The following are cases of real inequality, and arise from a different principle. "The wages of labour vary according to the small or great trust which must be reposed in the workmen. The wages of goldsmiths and jewellers are everywhere superior to those of many other workmen, not only of equal, but of much superior ingenuity; on account of the precious materials with which they are intrusted. We trust our health to the physician, our fortune and sometimes our life and reputation to the lawyer and attorney. Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in society which so important a trust requires."

The superiority of reward is not here the consequence of competition, but of its absence: not a compensation for disadvantages inherent in the employment, but an extra advantage; a kind of monopoly price, the effect not of a legal, but of what has been termed a natural monopoly. If all labourers were trustworthy, it would not be necessary to give extra pay to working goldsmiths on account of the trust. The degree of integrity required being supposed to be uncommon, those who can make it appear that they possess it are able to take advantage of the peculiarity, and obtain higher pay in proportion to its rarity. This opens a class of considerations which Adam Smith, and most other political economists, have taken into far too little account, and from inattention to

which, he has given a most imperfect exposition of the wide difference between the remuneration of common labour and that of skilled employments.

Some employments require a much longer time to learn, and a much more expensive course of instruction than others; and to this extent there is, as explained by Adam Smith, an inherent reason for their being more highly remunerated. If an artisan must work several years at learning his trade before he can earn anything, and several years more before becoming sufficiently skilful for its finer operations, he must have a prospect of at last earning enough to pay the wages of all this past labour, with compensation for the delay of payment, and an indemnity for the expenses of his education. His wages, consequently, must yield, over and above the ordinary amount, an annuity sufficient to repay these sums, with the common rate of profit, within the number of years he can expect to live and be in working condition. This, which is necessary to place the skilled employments, all circumstances taken together, on the same level of advantage with the unskilled, is the smallest difference which can exist for any length of time between the two remunerations, since otherwise no one would learn the skilled employments. And this amount of difference is all which Adam Smith's principles account for. When the disparity is greater, he seems to think that it must be explained by apprentice laws, and the rules of corporations which restrict admission into many of the skilled employments. But, independently of these or any other artificial monopolies, there is a natural monopoly in favour of skilled labourers against the unskilled, which makes the difference of reward exceed, sometimes in a manifold proportion, what is sufficient merely to equalize their advantages. If unskilled labourers had it in their power to compete with skilled, by merely taking the trouble of learning the trade, the difference of wages could not exceed what would compensate them for that trouble, at the

ordinary rate at which labour is remunerated. But the fact that a course of instruction is required, of even a low degree of costliness, or that the labourer must be maintained for a considerable time from other sources, suffices everywhere to exclude the great body of the labouring people from the possibility of any such competition. Until lately, all employments which required even the humble education of reading and writing, could be recruited only from a select class, the majority having no opportunity of acquiring those attainments. All such employments, accordingly, were immensely overpaid, as measured by the ordinary remuneration of labour. Since reading and writing have been brought within the reach of the multitude, the monopoly price of the lower grade of educated employments has greatly fallen, the competition for them having increased in an almost incredible degree. There is still, however, a much greater disparity than can be accounted for on the principle of competition. A clerk from whom nothing is required but the mechanical labour of copying, gains more than an equivalent for his mere exertion if he receives the wages of a bricklayer's labourer. His work is not a tenth part as hard, it is quite as easy to learn, and his condition is less precarious, a clerk's place being generally a place for life. The higher rate of his remuneration, therefore, must be partly ascribed to monopoly, the small degree of education required being not even yet so generally diffused as to call forth the natural number of competitors; and partly to the remaining influence of an ancient custom, which requires that clerks should maintain the dress and appearance of a more highly paid class. In some manual employments, requiring a nicety of hand which can only be acquired by long practice, it is difficult to obtain at any cost workmen in sufficient numbers, who are capable of the most delicate kind of work; and the wages paid to them are only limited by the price which purchasers are willing to give for the commodity they produce. This is the case with some working watchmakers, and with the makers of astronomical

and optical instruments. If workmen competent to such employments were ten times as numerous as they are, there would be purchasers for all which they could make, not indeed at the present prices, but at those lower prices which would be the natural consequence of lower wages. Similar considerations apply in a still greater degree to employments which it is attempted to confine to persons of a certain social rank, such as what are called the liberal professions; into which a person of what is considered too low a class of society, is not easily admitted, and if admitted, does not easily succeed.

So complete, indeed, has hitherto been the separation, so strongly marked the line of demarcation, between the different grades of labourers, as to be almost equivalent to an hereditary distinction of caste; each employment being chiefly recruited from the children of those already employed in it, or in employments of the same rank with it in social estimation, or from the children of persons who, if originally of a lower rank, have succeeded in raising themselves by their exertions. The liberal professions are mostly supplied by the sons of either the professional, or the idle classes: the more highly skilled manual employments are filled up from the sons of skilled artisans, or of the class of tradesmen who rank with them: the lower classes of skilled employments are in a similar case; and unskilled labourers, with occasional exceptions, remain from father to son in their pristine condition. Consequently the wages of each class have hitherto been regulated by the increase of its own population, rather than of the general population of the country. If the professions are overstocked, it is because the class of society from which they have always mainly been supplied, has greatly increased in number, and because most of that class have numerous families, and bring up some at least of their sons to professions. If the wages of artisans remain so much higher than those of common labourers, it is because artisans are a more prudent class, and do not

marry so early or so inconsiderately. The changes, however, now so rapidly taking place in usages and ideas, are undermining all these distinctions; the habits or disabilities which chained people to their hereditary condition are fast wearing away, and every class is exposed to increased and increasing competition from at least the class immediately below it. The general relaxation of conventional barriers, and the increased facilities of education which already are, and will be in a much greater degree, brought within the reach of all, tend to produce, among many excellent effects, one which is the reverse; they tend to bring down the wages of skilled labour. The inequality of remuneration between the skilled and the unskilled is, without doubt, much greater than is justifiable, but it is desirable that this should be remedied by raising the unskilled, not by lowering the skilled. If, however, the other changes taking place in society, are not accompanied by a strengthening of the check to population on the part of labourers generally, there will be a tendency to bring the lower grades of skilled labourers under the influence of a rate of increase regulated by a lower standard of living than their own, and thus to deteriorate their condition, without raising that of the general mass; the stimulus given to the multiplication of the lowest class being sufficient to fill up without difficulty the additional space gained by them from those immediately above.

§ 3. A modifying circumstance still remains to be noticed, which interferes to some extent with the operation of the principles thus far brought to view. While it is true, as a general rule, that the earnings of skilled labour, and especially of any labour which requires school education, are at a monopoly rate, from the impossibility, to the mass of the people, of obtaining that education; it is also true that the policy of nations has almost everywhere done much to counteract the effect of this limitation of competition, by offering eleemosynary instruction to a much larger class of persons

than could have obtained the same advantages by paying their price. Adam Smith has pointed out the operation of this cause in keeping down the remuneration of scholarly or bookish occupations generally, and in particular of clergymen, literary men, and schoolmasters or other teachers of youth. I cannot better set forth this part of the subject than in his words.

“It has been considered as of so much importance that a proper number of young people should be educated for certain professions, that sometimes the public, and sometimes the piety of private founders, have established many pensions, scholarships, exhibitions, bursaries, &c., for this purpose, which draw many more people into those trades than could otherwise pretend to follow them. In all Christian countries, I believe, the education of the greater part of churchmen is paid for in this manner. Very few of them are educated altogether at their own expense. The long, tedious, and expensive education, therefore, of those who are, will not always procure them a suitable reward, the church being crowded with people who, in order to get employment, are willing to accept of a much smaller recompense than what such an education would otherwise have entitled them to; and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be considered as of the same nature with the wages of a journeyman. They are, all three, paid for their work according to the contract which they may happen to make with their respective superiors. Till after the middle of the fourteenth century, five marks, containing as much silver as ten pounds of our present money, was in England the usual pay of a curate or a stipendiary parish priest, as we find it regulated by the decrees of several different national councils. At the same period fourpence a day, containing the same quantity of silver as a shilling of

our present money, was declared to be the pay of a master-mason, and three pence a day, equal to nine pence of our present money, that of a journeyman mason*. The wages of both these labourers, therefore, supposing them to have been constantly employed, were much superior to those of the curate. The wages of the master-mason, supposing him to have been without employment one-third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12, it is declared ‘That whereas for want of sufficient maintenance and encouragement to curates, the cures have in several places been meanly supplied, the bishop is therefore empowered to appoint by writing under his hand and seal a sufficient certain stipend or allowance, not exceeding fifty and not less than twenty pounds a year.’ Forty pounds a year is reckoned at present very good pay for a curate, and notwithstanding this act of parliament, there are many curacies under twenty pounds a year. This last sum does not exceed what is frequently earned by common labourers in many country parishes. Whenever the law has attempted to regulate the wages of workmen, it has always been rather to lower them than to raise them. But the law has upon many occasions attempted to raise the wages of curates, and for the dignity of the Church, to oblige the rectors of parishes to give them more than the wretched maintenance which they themselves might be willing to accept of. And in both cases the law seems to have been equally ineffectual, and has never either been able to raise the wages of curates or to sink those of labourers to the degree that was intended, because it has never been able to hinder either the one from being willing to accept of less than the legal allowance, on account of the indigence of their situation and the multitude of their competitors; or the other from receiving more, on account of the contrary competition of those who expected to derive either profit or pleasure from employing them.”

* “See the Statute of Labourers, 25 Edw. III.”

“In professions in which there are no benefices, such as law (?) and physic, if an equal proportion of people were educated at the public expense, the competition would soon be so great, as to sink very much their pecuniary reward. It might then not be worth any man’s while to educate his son to either of those professions at his own expense. They would be entirely abandoned to such as had been educated by those public charities; whose numbers and necessities would oblige them in general to content themselves with a very miserable recompense.

“That unprosperous race of men, commonly called men of letters, are pretty much in the situation which lawyers and physicians probably would be in upon the foregoing supposition. In every part of Europe, the greater part of them have been educated for the church, but have been hindered by different reasons from entering into holy orders. They have generally, therefore, been educated at the public expense, and their numbers are everywhere so great as to reduce the price of their labour to a very paltry recompense.

“Before the invention of the art of printing, the only employment by which a man of letters could make anything by his talents, was that of a public or private teacher, or by communicating to other people the curious and useful knowledge which he had acquired himself: and this is still surely a more honourable, a more useful, and in general even a more profitable employment than that other of writing for a bookseller, to which the art of printing has given occasion. The time and study, the genius, knowledge, and application requisite to qualify an eminent teacher of the sciences, are at least equal to what is necessary for the greatest practitioners in law and physic. But the usual reward of the eminent teachers bears no proportion to that of the lawyer or physician; because the trade of the one is crowded with indigent people who have been brought up to it at the public expense, whereas those of the other two are encumbered with very few who have not been educated at their own. The usual recom-

pense, however, of public and private teachers, small as it may appear, would undoubtedly be less than it is, if the competition of those yet more indigent men of letters who write for bread was not taken out of the market. Before the invention of the art of printing, a scholar and a beggar seem to have been terms very nearly synonymous. The different governors of the universities before that time appear to have often granted licenses to their scholars to beg.”

§ 4. The demand for literary labour has so greatly increased since Adam Smith wrote, while the provisions for eleemosynary education have nowhere been much added to, and in the countries which have experienced revolutions have been much diminished, that little effect in keeping down the recompense of literary labour can now be ascribed to the influence of those institutions. But an effect nearly equivalent is now produced by a cause somewhat similar—the competition of persons who, by analogy with other arts, may be called amateurs. Literary occupation is one of those pursuits in which success may be attained by persons the greater part of whose time is taken up by other employments; and the education necessary for it, is the common education of all cultivated persons. The inducements to it, independently of money, in the present state of the world, to all who have either vanity to gratify, or personal or public objects to promote, are extremely strong. These motives now attract into this career a great and increasing number of persons who do not need its pecuniary fruits, and who would equally resort to it if it afforded no remuneration at all. In our own country (to cite known examples), the most influential, and on the whole most eminent philosophical writer of recent times (Bentham), the greatest political economist (Ricardo), the most ephemerally celebrated, and the really greatest poets (Byron and Shelley), and the most successful writer of prose fiction (Scott), were none of them authors by profession; and only

two of the five, Scott and Byron, could have supported themselves by the works which they wrote. Nearly all the higher departments of authorship are, to a great extent, similarly filled. In consequence, although the highest pecuniary prizes of successful authorship are incomparably greater than at any former period, yet on any rational calculation of chances, in the existing competition, no writer can hope to gain a living by books, and to do so by magazines and reviews becomes daily more difficult. It is only the more troublesome and disagreeable kinds of literary labour, and those which confer no personal celebrity, such as most of those connected with newspapers, or with the smaller periodicals, on which an educated person can now rely for subsistence. Of these, the remuneration is, on the whole, decidedly high; because, though exposed to the competition of what used to be called "poor scholars," (persons who had received a learned education from some public or private charity), they are exempt from that of amateurs, those who have other means of support being seldom candidates for such employments. Whether these considerations are not connected with something radically amiss in the idea of authorship as a profession, and whether any social arrangement under which the teachers of mankind consist of persons giving out doctrines for bread, is suited to be, or can possibly be, a permanent thing—would be a subject well worthy of the attention of thinkers.

The clerical, like the literary profession, is frequently adopted by persons of independent means, either from religious zeal, or for the sake of the honour or usefulness which may belong to it, or for a chance of the high prizes which it holds out: and it is now principally for this reason that the salaries of curates are so low; those salaries, although considerably raised by the influence of public opinion, being still generally insufficient as the sole means of support for one who has to maintain the externals expected from a clergyman of the established church.

When an occupation is carried on chiefly by persons who derive the main portion of their subsistence from other sources, its remuneration may be lower, almost to any extent, than the wages of equally severe labour in other employments. The principal example of the kind is domestic manufactures. When spinning and knitting were carried on in every cottage, by families deriving their principal support from agriculture, the price at which their produce was sold (which constituted the remuneration of the labour) was often so low, that there would have been required great perfection of machinery to undersell it. The amount of the remuneration in such a case, depends chiefly upon whether the quantity of the commodity, produced by this description of labour, suffices to supply the whole of the demand. If it does not, and there is consequently a necessity for some labourers who devote themselves entirely to the employment, the price of the article must be sufficient to pay those labourers at the ordinary rate, and to reward therefore very handsomely the domestic producers. But if the demand is so limited that the domestic manufacture can do more than satisfy it, the price is naturally kept down to the lowest rate at which peasant families think it worth while to continue the production. It is, no doubt, because the Swiss artisans do not depend for the whole of their subsistence upon their looms, that Zurich is able to maintain a competition in the European market even with English capital, and English fuel and machinery*. Thus far, as to the remuneration of the subsidiary employment; but the effect to the labourers, of having this additional resource, is almost certain to be (unless peculiar counteracting causes intervene) a proportional

* Four-fifths of the manufacturers of the Canton of Zurich are small farmers, generally proprietors of their farms. The cotton manufacture occupies either wholly or partially 23,000 people, nearly a tenth part of the population; and they consume a greater quantity of cotton per inhabitant than either France or England. See the statistical account of Zurich, formerly cited, pp. 105, 108, 110.

diminution of the wages of their main occupation. The habits of the people (as has already been so often remarked) everywhere require some particular scale of living, and no more, as the condition under which they are willing to bring up a family. Whether the income which maintains them in this condition comes from one source or from two, makes no difference: if there is a second source of income, they will require less from the first; and will multiply (at least this has always hitherto been the case) to a point which leaves them no more from both employments, than they would probably have had from either if it had been their sole occupation.

For the same reason it is found that, *ceteris paribus*, those trades are by far the worst paid, in which the wife and children of the artisan aid in the work. The income which the habits of the class demand, and down to which they are almost sure to multiply, is made up, in those trades, by the earnings of the whole family, while in others the same income must be obtained by the labour of the man alone. It is even probable that their collective earnings will amount to a smaller sum than those of the man alone in other trades; because the prudential restraint on marriage is unusually weak when the only consequence immediately felt is an improvement of circumstances, the joint earnings of the two going further in their domestic economy after marriage than before. Such accordingly is the fact, in the case of hand-loom weavers. In most kinds of weaving, women can and do earn as much as men, and children may be and are employed at a very early age; but the aggregate earnings of a family are lower than in almost any other kind of industry, and the marriages earlier. It is noticeable also that there are certain branches of hand-loom weaving in which wages are much above the rate common in the trade, and that these are the branches in which, from the degree of bodily strength requisite, neither women nor young persons are employed. These facts were authenticated by the inquiries of the Hand-loom Weavers'

Commission, which made its report in 1841. The case of factory women and children may be quoted on the other side of the question; but that case is an exception to ordinary principles, inasmuch as from successive improvements in machinery, and a consequent progressive cheapening of the manufactured article, the expansion of factory employment has for half a century outstripped even the rapid growth of the factory population.

§ 5. It deserves consideration, why the wages of women are generally lower, and very much lower, than those of men. They are not universally so. Where men and women work at the same employment, if it be one for which they are equally fitted in point of physical power, it does not appear that they are in general unequally paid. Women, in factories, earn as much as men; and so they do in handloom weaving, which, being paid by the piece, brings their efficiency to a sure test. If the pay is unequal where the efficiency is equal, the only explanation that can be given is custom; grounded either in a prejudice, or in the present constitution of society, which, making almost every woman, socially speaking, an appendage of some man, enables men to take systematically the lion's share of whatever belongs to both. When an employment (as is the case with many trades) is divided into several parts, of some of which men alone are considered capable, while women or children are employed in the others, it is natural that those who cannot be dispensed with, should be able to make better terms for themselves than those who can. But the principal question relates to the peculiar employments of women. The remuneration of these is always, I believe, greatly below that of employments of equal skill and equal disagreeableness, carried on by men. The explanation of this must be, that they are overstocked: that although so much smaller a number of women, than of men, support themselves by wages, the occupations which law and custom make accessible to them

are comparatively so few, that the field of their employment is still more overcrowded. It must be observed, that as matters now stand, a sufficient degree of overcrowding may depress the wages of women to a much lower minimum than those of men. The wages, at least of single women, must be equal to their support; but need not be more than equal to it; the minimum, in their case, is the pittance absolutely requisite for the sustenance of one human being. Now the lowest point to which the most superabundant competition can permanently depress the wages of a man, is always somewhat more than this. Where the wife of a labouring man does not by general custom contribute to his earnings, the man's wages must be at least sufficient to support himself, a wife, and a number of children adequate to keep up the population, since if it were less, the population would not be kept up. And even if the wife earns something, their joint wages must be sufficient to support, not only themselves, but (at least for some years) their children also. The *ne plus ultra* of low wages, therefore, (except during some transitory crisis, or in some decaying employment,) can hardly occur in any occupation which the person employed has to live by, except the occupations of women.

§ 6. Thus far, we have, throughout this discussion, proceeded on the supposition that competition is free, so far as regards human interference; being limited only by natural causes, or by the unintended effect of general social circumstances. But law or custom may interfere to limit competition. If apprentice laws, or the regulations of corporate bodies, make the access to a particular employment slow, costly, or difficult, the wages of that employment may be kept much above their natural proportion to the wages of common labour. They might be so kept without any assignable limit, were it not that wages which exceed the usual rate require corresponding prices, and that there is a limit to the price at which even a restricted number of producers can dis-

pose of all they produce. In most civilized countries, the restrictions of this kind which once existed have been either abolished or very much relaxed, and will, no doubt, soon disappear entirely. In some trades, however, and to some extent, the combinations of workmen produce a similar effect. Those combinations always fail to uphold wages at an artificial rate, unless they also limit the number of competitors. But they do occasionally succeed in accomplishing this. In several trades the workmen have been able to make it almost impracticable for strangers to obtain admission either as journeymen or as apprentices, except in limited numbers, and under such restrictions as they choose to impose. It was given in evidence to the Handloom Weavers' Commission, that this is one of the hardships which aggravate the grievous condition of that depressed class. Their own employment is overstocked and almost ruined; but there are many other trades which it would not be difficult for them to learn: to this, however, the combinations of workmen in those other trades, are said to interpose an obstacle hitherto insurmountable.

Notwithstanding, however, the cruel manner in which the exclusive principle of these combinations operates in a case of this peculiar nature, I find it impossible to wish, in the present state of the general habits of the people, that no such combinations existed. Acts of atrocity are sometimes committed by them, in the way of personal outrage or intimidation, which cannot be too rigidly repressed: and even their legitimate liberty of refusing to work unless their own terms are conceded to them, they not unfrequently exercise in an injudicious, unenlightened manner, ultimately very injurious to themselves. But in so far as they do succeed in keeping up the wages of any trade by limiting its numbers, I look upon them as simply intrenching round a particular spot against the inroads of over-population, and making their wages depend upon their own rate of increase, instead of depending on that of a more reckless and improvident class

than themselves. And I should rejoice if by trade regulations, or even by trades unions, the employments thus specially protected could be multiplied to a much greater extent than experience has shown to be practicable. What at first sight seems the injustice of excluding the more numerous class from sharing the gains of a comparatively few, disappears when we consider that by being admitted they would not be made better off, for more than a short time: the only permanent effect which their admission would produce, would be to lower the others to their own level. If indeed the general mass of the people were so improved in their standard of living, as not to press closer against the means of employment than those trades do; if, in other words, there were no greater degree of overcrowding outside the barrier, than within it—there would be no need of a barrier, and if it had any effects at all, they must be bad ones; but in that case the barrier would fall of itself, since there would no longer be any motive for keeping it up. On similar grounds, if there were no other escape from that fatal immigration of Irish, which has done and is doing so much to degrade the condition of our agricultural, and some classes of our town population, I should see no injustice, and the greatest possible expediency, in checking that destructive inroad by prohibitive laws. But there is a better mode of putting an end to this mischief, namely, by improving the condition of the Irish themselves; and England owes an atonement to Ireland for past injuries, which she ought to suffer almost any inconvenience rather than fail to make good, by using her power in as determined a manner for the elevation of that unfortunate people, as she used it through so many dreary centuries for their abasement and oppression.

§ 7. To conclude this subject, I must repeat an observation already made, that there are kinds of labour of which the wages are fixed by custom and not by competition. Such are the fees or charges of professional persons; of physicians,

surgeons, barristers, and even attorneys. These, as a general rule, do not vary, and although competition operates upon those classes as much as upon any others, it is by dividing the business, not, in general, by diminishing the rate at which it is paid. The cause of this, no doubt, is an opinion prevailing in the community, that such persons are more trustworthy if paid highly in proportion to the work they perform: insomuch that if a lawyer or a physician offered his services at less than the ordinary rate, instead of gaining more practice, he would probably lose that which he already had. For analogous reasons it is usual to pay greatly beyond the market price of their labour, all persons in whom the employer wishes to place peculiar trust, or from whom he requires something besides their mere services. For example, most persons who can afford it, pay to their domestic servants higher wages than would purchase in the market the labour of persons fully as competent to the work required. They do this, not from mere ostentation, but from reasonable motives; because they desire that those they employ should serve them cheerfully, and be anxious to remain in their service; because they do not like to drive a hard bargain with people whom they are in constant intercourse with; and because they dislike to have near their persons, and continually in their sight, people with the appearance and habits which are the usual accompaniments of a mean remuneration. Similar feelings operate in the minds of persons in business, with respect to their clerks and other employés. Liberality, generosity, and the credit of the employer, are motives which, to whatever extent they operate, preclude taking the utmost advantage of competition: and doubtless such motives might, and even now do, operate on employers of labour in all the great departments of industry; and most desirable is it that they should. But they can never raise the average wages of labour beyond the ratio of population to capital. By giving more to each person employed, they limit the power

of giving employment to numbers; and however excellent their moral effect, they do little good economically, unless the pauperism of those who are shut out, leads indirectly to a readjustment by means of an increased restraint on population.

CHAPTER XV.

OF PROFITS.

§ 1. HAVING treated of the labourer's share of the produce, we next proceed to the share of the capitalist; the profits of capital or stock; the gains of the person who advances the expenses of production—who, from funds in his possession, pays the wages of the labourers, or supports them during the work; who supplies the requisite buildings, materials, and tools or machinery; and to whom, by the usual terms of the contract, the produce belongs, to be disposed of at his pleasure. After indemnifying him for his outlay, there commonly remains a surplus, which is his profit; the net income from his capital; the amount which he can afford to expend in necessaries or pleasures, or from which by further saving he can add to his wealth.

As the wages of the labourer are the remuneration of labour, so the profits of the capitalist are properly, according to Mr. Senior's well-chosen expression, the remuneration of abstinence. They are what he gains by forbearing to consume his capital for his own uses, and allowing it to be consumed by productive labourers for their uses. For this forbearance he requires a recompense. Very often in personal enjoyment he would be a gainer by squandering his capital, the capital amounting to more than the sum of the profits which it will yield during the years he can expect to live. But while he retains it undiminished, he has always the power of consuming it if he wishes or needs; he can bestow it upon others at his death; and in the meantime he derives from it an income, which he can without impoverishment apply to the satisfaction of his own wants or inclinations.

Of the gains, however, which the possession of a capital enables a person to make, a part only is properly an equivalent for the use of the capital itself; namely, as much as another person would be willing to pay for the loan of it. This, which as everybody knows is called interest, is all that a person is enabled to get by merely abstaining from the immediate consumption of his capital, and allowing it to be used for productive purposes by others. The remuneration which is obtained in any country for mere abstinence, is measured by the current rate of interest on the best security; such security as precludes any appreciable chance of losing the principal. What a person expects to gain, who superintends the employment of his own capital, is always more, and generally much more, than this. The rate of profit greatly exceeds the rate of interest. The surplus is partly compensation for risk. By lending his capital on unexceptionable security, he runs little or no risk. But if he embarks in business on his own account, he always exposes his capital to some, and in many cases to very great, danger of total or partial loss. For this danger he must be compensated, otherwise he will not incur it. He must likewise be remunerated for the devotion of his time and labour. The control of the operations of industry usually belongs to the person who supplies the whole or the greatest part of the funds by which they are carried on, and who, according to the ordinary arrangement, is either alone interested, or is the person most interested (at least directly), in the result. To exercise this control with efficiency, if the concern is large and complicated, requires great assiduity, and often, no ordinary skill. This assiduity and skill must be remunerated.

The gross profits from capital, the gains returned to those who supply the funds for production, must suffice for these three purposes. They must afford a sufficient reward for abstinence, indemnity for risk, and remuneration for the labour and skill required for superintendence. These different compensations may be either paid to the same, or to different

persons. The capital, or some part of it, may be borrowed; may belong to some one who does not undertake the risks or the trouble of business. In that case, the lender, or owner, is the person who practises the abstinence; and is remunerated for it by the interest paid to him, while the difference between the interest and the gross profit remunerates the exertions and risks of the undertaker*. Sometimes, again, the capital, or a part of it, is supplied by what is called a sleeping partner; who shares the risks of the employment, but not the trouble, and who, in consideration of those risks, receives not a mere interest, but a stipulated share of the gross profits. Sometimes the capital is supplied and the risk incurred by one person, and the business carried on exclusively in his name, while the trouble of management is made over to another, who is engaged for that purpose at a fixed salary. Management, however, by hired servants, who have no interest in the result but that of preserving their salaries, is proverbially inefficient, unless they act under the inspecting eye, if not the controlling hand, of the person chiefly interested; and prudence almost always recommends giving to a manager not thus controlled, a remuneration partly dependent on the profits; which virtually reduces the case to that of a sleeping partner. Or finally, the same person may own the capital, and conduct the business; adding, if he will and can, to the management of his own capital, that of as much more as the owners may be willing to trust him with. But under any or all of these arrangements, the same three things require their remuneration, and must obtain it from the gross profit: abstinence, risk, exertion. And the three parts into which profit may be considered as resolving itself, may be described respectively as interest, insurance, and wages of superintendence.

* It is to be regretted that this word, in this sense, is not familiar to an English ear. French political economists enjoy a great advantage in being able to speak currently of *les profits de l'entrepreneur*.

§ 2. The lowest rate of profit which can permanently exist, is that which is barely adequate, at the given place and time, to afford an equivalent for the abstinence, risk, and exertion implied in the employment of capital. From the gross profit has first to be deducted as much as will form a fund sufficient on the average to cover all losses incident to the employment. Next, it must afford such an equivalent to the owner of the capital for forbearing to consume it, as is then and there a sufficient motive to him to persist in his abstinence. How much will be required to form this equivalent, depends on the comparative value placed, in the given society, upon the present and the future: or, (in the words formerly used) on the strength of the effective desire of accumulation. Further, after covering all losses, and remunerating the owner for his self-denial, there must be something left to recompense the labour and skill of the person who devotes his time to the business. This recompense too must be sufficient to enable at least the owners of the larger capitals to receive for their trouble, or to pay to some manager for his, what to them or him will be a sufficient inducement for undergoing it. If the surplus is no more than this, none but large masses of capital will be employed productively; and if it did not even amount to this, capital would be withdrawn from production, and unproductively consumed, until, by an indirect consequence of its diminished amount, to be explained hereafter, the rate of profit was raised.

Such, then, is the minimum of profits; but that minimum is exceedingly variable, and at some times and places extremely low; on account of the great variableness of two out of its three elements. That the rate of necessary remuneration for abstinence, or in other words the effective desire of accumulation, differs widely in different states of society and civilization, has been seen in a former chapter. There is a still wider difference in the element which consists in compensation for risk. I am not now speaking of the differences in point of risk between different employments of

capital in the same society, but of the very different degrees of security of property in different states of society. Where, as in most of the governments of Asia, property is in perpetual danger of spoliation from a tyrannical government or from its rapacious and ill-controlled officers; where to possess or to be suspected of possessing wealth, is to be a mark not only for plunder, but perhaps for personal ill-treatment to extort the disclosure and surrender of hidden valuables; or where, as in the European middle ages, the weakness of the government, even when not itself inclined to oppress, left its subjects exposed without protection or redress to active spoliation, or audacious withholding of just rights, by any powerful individual; the rate of profit which persons of average dispositions will require, to make them forego the immediate enjoyment of what they happen to possess, for the purpose of exposing it and themselves to these perils, must be something very considerable. And these contingencies affect those who live on the mere interest of their capital, in common with those who personally engage in production. In a generally secure state of society, the risks which may be attendant on the nature of particular employments seldom fall on the person who lends his capital, if he lends on good security; but in a state of society like that of Asia, no security (except perhaps the actual pledge of gold or jewels) is good: and the mere possession of a hoard, when known or suspected, exposes it and the possessor to risks, for which scarcely any profit he could expect to obtain would be an equivalent; so that there would be still less accumulation than there is, if a state of insecurity did not also multiply the occasions on which the possession of a treasure may be the means of saving life or averting serious calamities. Those who lend, under these wretched governments, do it at the utmost peril of never being paid. In most of the native states of India, the lowest terms on which any one will lend money even to the government, are such that if the interest is paid only for a few years, and the principal not at all, the

lender is tolerably well indemnified. If the accumulation of principal and compound interest is ultimately compromised at a few shillings in the pound, he has generally made an advantageous bargain.

§ 3. The remuneration of capital in different employments, like the remuneration of labour, varies according to the circumstances which render one employment more attractive, or more repulsive, than another. The profits, for example, of retail trade, in proportion to the capital employed, exceed those of wholesale dealers or manufacturers, for this reason among others, that there is less consideration attached to the employment. The greatest, however, of these differences, is that caused by difference of risk. The profits of a gunpowder manufacturer must be considerably greater than the average, to make up for the peculiar risks to which he and his property are constantly exposed. When, however, as in the case of marine adventure, the peculiar risks are capable of being, and commonly are, commuted for a fixed payment, the premium of insurance takes its regular place among the charges of production, and the compensation which the owner of the ship or cargo receives for that payment, does not appear in the estimate of his profits, but is included in the replacement of his capital.

The portion, too, of the gross profit, which forms the remuneration for the labour and skill of the dealer or producer, is very different in different employments. This is the explanation always given of the extraordinary rate of apothecaries' profit: the greatest part, as Adam Smith observes, being frequently no more than the reasonable wages of professional attendance; for which, until a late alteration of the law, the apothecary could not demand any remuneration, except in the prices of his drugs. Some occupations require a considerable amount of scientific or technical education; and can only be carried on by persons who combine with that education a considerable capital: such is the busi-

ness of an engineer, both in the original sense of the term, a machine-maker, and in its popular or derivative sense, an undertaker of public works. These are always the most profitable employments. There are cases, again, in which a considerable amount of labour and skill are required to conduct a business, necessarily of limited extent. In such cases, a higher than common rate of profit is necessary to yield only the common rate of remuneration. "In a small sea-port town," says Adam Smith, "a little grocer will make forty or fifty per cent upon a stock of a single hundred pounds, while a considerable wholesale merchant in the same place will scarce make eight or ten per cent upon a stock of ten thousand. The trade of the grocer may be necessary for the conveniency of the inhabitants, and the narrowness of the market may not admit the employment of a larger capital in the business. The man, however, must not only live by his trade, but live by it suitably to the qualifications which it requires. Besides possessing a little capital, he must be able to read, write, and account, and must be a tolerable judge too of perhaps fifty or sixty different sorts of goods, their prices, qualities, and the markets where they are to be had cheapest. Thirty or forty pounds a year cannot be considered as too great a recompense for the labour of a person so accomplished. Deduct this from the seemingly great profits of his capital, and little more will remain, perhaps, than the ordinary profits of stock. The greater part of the apparent profit is, in this case too, real wages."

All the natural monopolies (meaning thereby those which are created by circumstances, and not by law) which produce or aggravate the disparities in the remuneration of different kinds of labour, operate similarly between different employments of capital. If a business can only be advantageously carried on by a large capital, this in most countries limits so narrowly the class of persons who can enter into the employment, that they are enabled to keep their rate of profit above

the general level. A trade may also, from the nature of the case, be confined to so few hands, that profits may admit of being kept up by a combination among the dealers. It is well known that even among so numerous a body as the London booksellers, this sort of combination exists; though individual interest is often too strong for its rules, nor indeed does the combination itself include the whole trade. I have already mentioned the case of the gas and water companies.

§ 4. After due allowance is made for these various causes of inequality, namely, differences in the risk or agreeableness of different employments, and natural or artificial monopolies; the rate of profit on capital in all employments tends to an equality. Such is the proposition usually laid down by political economists, and under proper explanations it is true.

That portion of profit which is properly interest, and which forms the real remuneration for abstinence, is strictly the same, at the same time and place, whatever be the employment. The rate of interest, on equally good security, does not vary according to the destination of the principal, though it does vary from time to time very much, according to the circumstances of the market. There is no employment in which, in the present state of industry, competition is so active and incessant as in the lending and borrowing of money. All persons in business are occasionally, and most of them constantly, borrowers: while all persons not in business, who possess monied property, are lenders. Between these two great bodies there is a numerous, keen, and intelligent class of middlemen, composed of bankers, stockbrokers, discount brokers, and others, alive to the slightest breath of probable gain. The smallest circumstance, or the most transient impression on the public mind, which tends to an increase or diminution of the demand for loans either at the time or prospectively, operates immediately on the rate of interest: and circumstances in the general state of trade,

really tending to cause this difference of demand, are continually occurring, sometimes to such an extent, that the rate of interest on the best mercantile bills has been known to vary within a year, (even without the occurrence of the great derangement called a commercial crisis,) from less than four to more than six per cent. But, at the same time and place, the rate of interest is the same, to all who can give equally good security. The market rate of interest is at all times a known and definite thing.

It is far otherwise with gross profit; which, though (as will presently be seen) it does not vary much from employment to employment, varies very greatly from individual to individual, and can scarcely be in any two cases the same. It depends on the knowledge, talents, economy, and energy of the capitalist himself, or of the agents whom he employs; on the accidents of personal connexion; and even on chance. Hardly any two dealers in the same trade, even if their commodities are equally good and equally cheap, carry on their business at the same expense, or turn over their capital in the same time. That equal capitals give equal profits, as a general maxim of trade, would be as false as that equal age or size gives equal bodily strength, or that equal reading or experience gives equal knowledge. The effect depends as much upon twenty other things, as upon the single cause specified.

But though profits thus vary, the parity, on the whole, of different modes of employing capital (in the absence of any natural or artificial monopoly,) is, in a certain, and a very important sense, maintained. On an average (whatever may be the occasional fluctuations,) the various employments of capital, are on such a footing as to hold out, not equal profits, but equal chances of profit, to persons of average abilities and advantages. By equal, I mean after making compensation for any inferiority in the agreeableness or safety of an employment. If the case were not so; if there were, evidently, and to common experience, more favourable chances

of pecuniary success in one business than in others, more persons would engage their capital in the business, or would bring up their sons to it; which in fact always happens when a business, like that of an engineer at present, or like any newly established and prosperous manufacture, is seen to be a growing and a thriving one. If, on the contrary, a business is not considered thriving; if the chances of profit in it are thought to be inferior to those in other employments; capital gradually leaves it, or at least new capital is not attracted to it: and by this change in the distribution of capital between the less profitable and the more profitable employments, a sort of balance is restored. The expectations of profit, therefore, in different employments, cannot long continue very different: they tend to a common average, although they are generally oscillating from one side to the other side of the medium.

This equalizing process, commonly described as the transfer of capital from one employment to another, is not necessarily the onerous, slow, and almost impracticable operation which it is very often represented to be. In the first place, it does not always imply the actual removal of capital already embarked in an employment. In a rapidly progressive state of capital, the adjustment often takes place by means of the new accumulations of each year, which direct themselves in preference towards the more thriving trades. Even when a real transfer of capital is necessary, it is by no means implied that any of those who are engaged in the unprofitable employment, relinquish business and break up their establishments. The numerous and multifarious channels of credit, through which in commercial nations unemployed capital diffuses itself over the field of employment, flowing over in greater abundance to the lower levels, are the means by which the equalization is accomplished. The process consists in a limitation by one class of dealers or producers, and an extension by the other, of that portion of their business which is carried on with borrowed capital. There is

scarcely any dealer or producer on a considerable scale, who confines his business to what can be carried on by his own funds. When trade is good, he not only uses to the utmost his own capital, but employs, in addition, much of the credit which that capital obtains for him. When, either from oversupply or from some slackening in the demand for his commodity, he finds that it sells more slowly or at a lower price, he contracts his operations, and does not apply to bankers or other money dealers for a renewal of their advances to the same extent as before. A business which is increasing, holds out, on the contrary, a prospect of profitable employment for a larger amount of this floating capital than previously, and those engaged in it become applicants to the money dealers for larger advances, which, from their improving circumstances, they have no difficulty in obtaining. A different distribution of floating capital between two employments, has as much effect in restoring their profits to an equilibrium, as if the owners of an equal amount of capital were to abandon the one trade and carry their capital into the other. This easy and as it were spontaneous method of accommodating production to demand, is quite sufficient to correct any inequalities arising from the fluctuations of trade, or other causes of ordinary occurrence. In the case of an altogether declining trade, in which it is necessary that the production should be, not occasionally varied, but greatly and permanently diminished, or perhaps stopped altogether, the process of extricating the capital is, no doubt, tardy and difficult, and almost always attended with considerable loss; much of the capital fixed in machinery, buildings, permanent works, &c., being either not applicable to any other purpose, or only applicable after expensive alterations, and time being seldom given for effecting the change in the mode in which it would be effected with least loss, namely, by not replacing the fixed capital as it wears out. There is besides, in totally changing the destination of a capital, so great a sacrifice of established connexion, and of acquired skill and experience, that people

are always very slow in resolving upon it, and hardly ever do so unless a change of fortune has become quite hopeless. These however are distinctly exceptional cases, and even in these the equalization is at last effected. It may also happen that the return to equilibrium is considerably protracted, when, before one inequality has been corrected, another cause of inequality arises; which is said to have been continually the case during a long series of years, with the production of cotton in the Southern States of North America; the commodity having been upheld at what was virtually a monopoly price, because the increase of demand, from successive improvements in the manufacture, went on with a rapidity so much beyond expectation that for many years the supply never completely overtook it. But it is not often that a succession of disturbing causes, all acting in the same direction, are known to follow one another with hardly any interval. Where there is no monopoly, the profits of a trade are likely to range sometimes above and sometimes below the general level, but tending always to return to it; like the oscillations of the pendulum.

In general, then, although profits are very different to different individuals, and to the same individual in different years, there cannot be much diversity at the same time and place in the average profits of different employments, (other than the standing differences necessary to compensate for difference of attractiveness), except for short periods, or when some great permanent revulsion has overtaken a particular trade. If any popular impression exists that some trades are more profitable than others, independently of monopoly or of such rare accidents as have been noticed in regard to the cotton trade, the impression must in all probability be fallacious, since if it were shared by those who have greatest means of knowledge and motives to accurate examination, there would take place such an influx of capital as would soon lower the profits to the common level. It is true that, to persons with the same amount of original

means, there is more chance of making a large fortune in some employments than in others. But it would be found that in those same employments bankruptcies also are more frequent, and that the chance of greater success is balanced by a greater probability of complete failure. Very often it is more than balanced: for, as was remarked in another case, the chance of great prizes operates with a greater degree of strength than arithmetic will warrant, in attracting competitors; and I doubt not that the average gains, in a trade in which large fortunes may be made, are lower than in those in which gains are slow, though comparatively sure, and in which nothing is to be ultimately hoped for beyond a competency. The timber trade of Canada is one example of an employment of capital, partaking of much of the nature of a lottery, as to make it an accredited opinion that, taking the adventurers in the aggregate, there is more money lost by the trade than gained by it; in other words, that the average rate of profit is less than nothing. In such points as this, much depends on the characters of nations, according as they partake more or less of the adventurous, or, as it is called when the intention is to blame it, the gambling, spirit. This spirit is much stronger in the United States than in Great Britain; and in Great Britain, than in any country of the Continent. In some Continental countries the tendency is so much the reverse, that safe and quiet employments probably yield a less average profit to the capital engaged in them, than those which, at the price of greater hazards, offer greater gains.

It must not however be forgotten, that even in the countries of most active competition, custom also has a considerable share in determining the profits of trade. There is sometimes an idea afloat as to what the profit of an employment should be, which although not adhered to by all the dealers, nor perhaps rigidly by any, still exercises a certain influence over their operations. There is in England a kind of notion, how widely prevailing I know not, that fifty per

cent is a proper and suitable rate of profit in retail transactions: understand, not fifty per cent on the whole capital, but an advance of fifty per cent on the wholesale prices: from which have to be defrayed bad debts, shop rent, the pay of clerks, shopmen, and agents of all descriptions, in short all the expenses of the retail business. If this custom were universal, and strictly adhered to, competition indeed would still operate, but the consumer would not derive any benefit from it; the way in which it would diminish the advantages of those engaged in retail trade, would be by a greater subdivision of the business. The intensity however of modern competition, in England at least, is tending to break down all customs of this description. In almost all trades, (at least in the great emporia of trade,) there are now numerous dealers whose motto is, "small gains and frequent"—a great business at low prices, rather than high prices and few transactions; and by turning over their capital more rapidly, and adding to it by borrowed capital when needed, these dealers often obtain individually higher profits; though they necessarily lower the profits of those among their competitors, who do not adopt the same principle.

§ 5. The preceding remarks have, I hope, sufficiently elucidated what is meant by the common phrase, "the ordinary rate of profit;" and the sense in which, and the limitations under which, this ordinary rate has a real existence. It now remains to consider, what causes determine its amount.

I assume, throughout, the state of things, which, where the labourers and capitalists are separate classes, prevails, with few exceptions, universally; namely, that the capitalist advances the whole expenses, including the entire remuneration of the labourer. That he should do so, is not a matter of inherent necessity; the labourer might wait until the production is complete, for all that part of his wages which exceeds mere necessaries; and even for the whole, if he has funds in hand, sufficient for his temporary support. But

in the latter case, the labourer is to that extent really a capitalist, investing capital in the concern, by supplying a portion of the funds necessary for carrying it on; and even in the former case he may be looked upon in the same light, since, contributing his labour at less than the market price, he may be regarded as lending the difference to his employer, and receiving it back with interest (on whatever principle computed) from the proceeds of the enterprise.

The capitalist, then, may be assumed to make all the advances, and receive all the produce. His profit consists of the excess of the produce above the advances; his *rate* of profit is the ratio which that excess bears to the amount advanced. But what do the advances consist of?

It is, for the present, necessary to suppose, that the capitalist does not pay any rent; has not to purchase the use of any appropriated natural agent. This indeed is scarcely ever the exact truth. The agricultural capitalist, except when he is the owner of the soil he cultivates, always, or almost always, pays rent; and even in manufactures, (not to mention ground-rent), the materials of the manufacture have generally paid rent, in some stage of their production. The nature of rent, however, we have not yet taken into consideration; and it will hereafter appear, that no practical error, on the question we are now examining, is produced by disregarding it.

If, then, leaving rent out of the question, we inquire in what it is that the advances of the capitalist, for purposes of production, consist, we shall find that they consist of wages of labour.

A large portion of the expenditure of every capitalist consists in the direct payment of wages. What does not consist of this, is composed of materials and implements, including buildings. But materials and implements are produced by labour; and as our supposed capitalist is not meant to represent a single employment, but to be a type of the productive industry of the whole country, we may suppose that he

makes his own tools, and raises his own materials. He does this by means of previous advances, which, again, consist wholly of wages. If we suppose him to buy the materials and tools instead of producing them, the case is not altered: he then repays to a previous producer the wages which that previous producer has paid. It is true, he repays it to him with a profit; and if he had produced the things himself, he himself must have had that profit, on this part of his outlay as well as on every other part. The fact, however, remains, that in the whole process of production, beginning with the materials and tools and ending with the finished product, all the advances have consisted of nothing but wages; except that certain of the capitalists concerned have, for the sake of general convenience, had their share of profit paid to them before the operation was completed. Whatever, of the ultimate product, is not profit, is repayment of wages.

§ 6. It thus appears that the two elements on which, and which alone, the gains of the capitalists depend, are, first, the magnitude of the produce, in other words, the productive power of labour; and secondly, the proportion of that produce obtained by the labourers themselves; the ratio, which the remuneration of the labourers bears to the amount they produce. These two things form the data for determining the gross amount divided as profit among all the capitalists of the country: but the *rate* of profit, the percentage on the capital, depends only on the second of the two elements, the labourers' proportional share, and not on the amount to be shared. If the produce of labour were doubled, and the labourers obtained the same proportional share as before, that is, if their remuneration was also doubled, the capitalists, it is true, would gain twice as much; but as they would also have had to advance twice as much, the rate of their profit would be only the same as before.

We thus arrive at the conclusion of Ricardo and others, that the rate of profits depends upon wages; rising as wages

fall, and falling as wages rise. In adopting, however, this doctrine, I must insist upon making a most necessary alteration in its wording. Instead of saying that profits depend on wages, let us say (what Ricardo really meant) that they depend on the *cost of labour*.

Wages, and the cost of labour; what labour brings in to the labourer, and what it costs to the capitalist; are ideas quite distinct, and which it is of the utmost importance to keep so. For this purpose it is essential not to designate them, as is almost always done, by the same name. Nothing is more common than to say that wages are high or low, meaning only that the cost of labour is high or low. The reverse of this would be oftener the truth: the cost of labour is frequently at its highest where wages are lowest. This may arise from two causes. In the first place, the labour, though cheap, may be inefficient. In no European country are wages so low as in Ireland: the remuneration of an agricultural labourer in the west of Ireland, is not more than half the wages of even the lowest-paid Englishman, the Dorsetshire labourer. But if, from inferior skill and industry, two days labour of an Irishman accomplish no more work than an English labourer performs in one, the Irishman's labour costs as much as the Englishman's, though it brings in so much less to himself. The capitalist's profit is determined by the former of these two things, not the latter. That a difference, to this extent, really exists in the efficiency of the labour, is proved not only by abundant testimony, but by the fact, that notwithstanding the lowness of wages, profits of capital are not higher in Ireland than in England.

The other cause which renders wages, and the cost of labour, no real criteria of one another, is the varying costliness of the articles which the labour consumes. If these are cheap, wages, in the sense which is of importance to the labourer, may be high, and yet the cost of labour may be low: if dear, the labourer may be wretchedly off, although his labour may cost much to the capitalist. This last is the

condition of a country over-peopled in relation to its land; in which, food being dear, the poorness of the labourer's real reward does not prevent labour from costing much to the purchaser, and low wages and low profits co-exist. The opposite case is exemplified in the United States of America. The labourer there enjoys a greater abundance of comforts than in any other country in the world, except some of our newest colonies; but, owing to the cheap price at which these comforts can be obtained (combined with the great efficiency of the labour), the cost of labour to the capitalist is considerably lower than in Europe. It must be so, since the rate of profit is higher; as indicated by the rate of interest, which is six per cent at New York when it is three or three and a quarter per cent in London.

The cost of labour, then, is, in the language of mathematics, a function of three variables: the efficiency of labour; the wages of labour (meaning thereby the real reward of the labourer); and the greater or less cost at which the articles composing that real reward can be produced or purchased. It is plain that the cost of labour to the capitalist must be influenced by each of these three circumstances; and cannot be affected by any others. These, therefore, are also the circumstances which determine the rate of profit; and it cannot be in any way affected except through one or other of them. If labour generally became more efficient, without being more highly rewarded; if, without its becoming less efficient, its remuneration fell, no increase taking place in the cost of the articles composing that remuneration; or if those articles became less costly, without the labourer's obtaining more of them; in any one of these three cases, profits would rise. If, on the contrary, labour became less efficient (as it might do from diminished bodily vigour in the people, or from deteriorated education); or if the labourer obtained a higher remuneration, without any increased cheapness in the things composing it; or if, without his obtaining more, that which he did obtain became more costly; profits, in all these

cases, would suffer a diminution. And there is no other combination of circumstances, in which the general rate of profit of a country, in all employments indifferently, can either fall or rise.

The evidence of these propositions can only be stated generally, though, it is hoped, conclusively, in this stage of our subject. It will come forth in greater fulness and force when, having taken into consideration the theory of Value and Price, we shall be enabled to exhibit the law of profits in the concrete—in the complex entanglement of circumstances in which it actually works. This can only be done in the ensuing Book. One topic still remains to be discussed in the present one, so far as it admits of being treated independently of considerations of Value; the subject of Rent: to which we now proceed.

CHAPTER XVI.

OF RENT.

§ 1. THE requisites of production being labour, capital, and natural agents; the only person, besides the labourer and the capitalist, whose consent is necessary to production, and who can claim a share of the produce as the price of that consent, is the person who, by the arrangements of society, possesses exclusive power over some natural agent. The land is the principal of the natural agents which are capable of being appropriated, and the consideration paid for its use is called rent. Landed proprietors are the only class, of any numbers or importance, who have a claim to a share in the distribution of the produce, through their ownership of something which neither they nor any one else have produced. If there be any other cases of a similar nature, they will be easily understood, when the nature and laws of rent are comprehended.

It is at once evident, that rent is the effect of a monopoly; though the monopoly is a natural one, which may be regulated, which may even be held as a trust for the community generally, but which cannot be prevented from existing. The reason why landowners are able to require rent for their land, is that it is a commodity which many want, and which no one can obtain but from them. If all the land of the country belonged to one person, he could fix the rent at his pleasure. The whole people would be dependent on his will for the necessaries of life, and he might make what conditions he chose. This is the actual state of things in those Oriental kingdoms in which the land is considered the property of the state. Rent is then confounded with taxation, and the despot may exact the utmost which the unfortunate cultivators have

to give. Indeed, the exclusive possessor of the land of a country could not well be other than despot of it. The effect would be much the same if the land belonged to so few people that they could, and did, concert together as one man, and fix the rent by agreement among themselves. This case, however, is nowhere known to exist: and the only remaining supposition is that of free competition; the landowners being supposed to be, as in fact they are, too numerous to combine.

§ 2. A thing which is limited in quantity, even though its possessors do not act in concert, is still a monopolized article. But even when monopolized, a thing which is the gift of nature, and requires no labour or outlay as the condition of its existence, will, if there be competition among the holders of it, command a price, only if it exists in less quantity than the demand. If the whole land of a country were required for cultivation, all of it might yield a rent. But in no country of any extent do the wants of the population require that all the land, which is capable of cultivation, should be cultivated. The food and other agricultural produce which the people need, and which they are willing and able to pay for at a price which remunerates the grower, may always be obtained without cultivating all the land; sometimes without cultivating more than a small part of it; the most fertile lands, or those in the most convenient situations, being of course preferred. There is always, therefore, some land which cannot, in existing circumstances, pay any rent; and no land ever pays rent, unless, in point of fertility or situation, it belongs to those superior kinds which exist in less quantity than the demand—which cannot be made to yield all the produce required for the community, unless on terms still less advantageous than the resort to less favoured soils.

There is land, such as the deserts of Arabia, which will yield nothing to any amount of labour; and there is land, like

some of our hard sandy heaths, which would produce something, but, in the present state of the soil, not enough to defray the expenses of production. Such lands, unless by some application of chemistry to agriculture still remaining to be invented, cannot be cultivated for profit, unless some one actually creates a soil, by spreading new ingredients over the surface, or mixing them with the existing materials. If ingredients fitted for this purpose exist in the subsoil, or close at hand, the improvement even of the most unpromising spots may answer as a speculation: but if those ingredients are costly, and must be brought from a distance, it will seldom answer to do this for the sake of profit, though the "magic of property" will sometimes effect it. Land which cannot possibly yield a profit, is sometimes cultivated at a loss, the cultivators having their wants partially supplied from other sources; as in the case of paupers, and some monasteries or charitable institutions, among which may be reckoned the Poor Colonies of Belgium. The worst land which can be cultivated as a means of subsistence, is that which will just replace the seed, and the food of the labourers employed on it, together with what Dr. Chalmers calls their secondaries; that is, the labourers who supply them with tools, and with the remaining necessaries of life. Whether any given land is capable of doing more than this, is not a question of political economy, but of physical fact. The supposition leaves nothing for profits, nor anything for the labourers except necessaries: the land, therefore, can only be cultivated by the labourers themselves, or else at a pecuniary loss: and *à fortiori*, cannot in any contingency afford a rent. The worst land which can be cultivated as an investment for capital, is that which, after replacing the seed, not only feeds the agricultural labourers and their secondaries, but affords them the current rate of wages, which may extend to much more than mere necessaries; and leaves for those who have advanced the wages of these two classes of labourers, a surplus equal to the profit they could have expected from any

other employment of their capital. Whether any given land can do more than this, is not merely a physical question, but depends partly on the market value of agricultural produce. What the land can do for the labourers and for the capitalist beyond feeding all whom it directly or indirectly employs, of course depends upon what the remainder of the produce can be sold for. The higher the market value of produce, the lower are the soils to which cultivation can descend, consistently with affording to the capital employed, the ordinary rate of profit.

As, however, differences of fertility slide into one another by insensible gradations; and differences of accessibility, that is, of distance from markets, obviously do the same; and since there is land so barren that it could not pay for its cultivation at any price; it is evident that, whatever the price may be, there must in any extensive region be some land which at that price will just pay the wages of the cultivators, and yield to the capital employed the ordinary profit, and no more. Until, therefore, the price rises higher, or until some improvement raises that particular land to a higher place in the scale of fertility, it cannot pay any rent. It is evident, however, that the community needs the produce of this quality of land; since if the lands more fertile or better situated than it, could have sufficed to supply the wants of society, the price would not have risen so high as to render its cultivation profitable. This land, therefore, will be cultivated; and we may lay it down as a principle, that so long as any of the land of a country which is fit for cultivation is not cultivated, the worst land in actual cultivation (in point of fertility and situation together) pays no rent.

§ 3. If, then, of the land in cultivation, the part which yields least return to the labour and capital employed on it; gives only the ordinary profit of capital, without leaving anything for rent; a standard is afforded for estimating the amount of rent which will be yielded by all other land. Any

land yields just as much more than the ordinary profits of stock, as it yields more than what is returned by the worst land in cultivation. The surplus is what the farmer can afford to pay as rent to the landlord; and since, if he did not so pay it, he would receive more than the ordinary rate of profit, the competition of other capitalists, that competition which equalizes the profits of different capitals, will enable the landlord to appropriate it. The rent, therefore, which any land will yield, is the excess of its produce, beyond what would be returned to the same capital if employed on the worst land in cultivation. This is not, and never was pretended to be, the limit of metayer rents, or of cottier rents; but it is the limit of farmer's rents. No land rented to a capitalist farmer will permanently yield more than this; and if it ever yields less, it must be because the landlord foregoes a part of what, if he chose, he could obtain.

This is the theory of rent, first propounded at the end of the last century by Dr. Anderson, and which, neglected at the time, was almost simultaneously rediscovered, twenty years after, by Sir Edward West, Mr. Malthus, and Mr. Ricardo. It is one of the cardinal doctrines of political economy; and until it was understood, no consistent explanation could be given of many of the more complicated industrial phenomena. The evidence of its truth will be manifested with a great increase of clearness, when we come to trace the laws of the phenomena of Value and Price. Until that is done, it is not possible to free the doctrine from every difficulty which may present itself, nor perhaps to convey, to those previously unacquainted with the subject, more than a general apprehension of the reasoning by which the theorem is arrived at. Some, however, of the objections commonly made to it, admit of a complete answer even in the present stage of our inquiries.

It has been denied that there can be any land in cultivation which pays no rent; because landlords (it is contended) would not allow their land to be occupied without payment.

Those who lay any stress on this as an objection, must think, that land of the quality which can but just pay for its cultivation, lies together in large masses, detached from any land of better quality. If an estate consisted wholly of this land, or of this and still worse, it is likely enough that the owner would not give the use of it for nothing; he would probably (if a rich man) prefer keeping it for other purposes, as for exercise, or ornament, or perhaps as a game preserve. No farmer could afford to offer him anything for it, for purposes of culture; though something would probably be obtained for the use of its natural pasture, or other spontaneous produce. Even such land, however, would not necessarily remain uncultivated. It might be farmed by the proprietor: no unfrequent case even in England. Portions of it might be granted as temporary allotments to labouring families, either from philanthropic motives, or to save the poor rate; or occupation might be allowed to squatters, free of rent, in the hope that their labour might give it value at some future period. Both these cases are of quite ordinary occurrence. So that even if an estate were wholly composed of the worst land capable of profitable cultivation, it would not necessarily lie uncultivated because it could pay no rent. Inferior land, however, does not usually occupy, without interruption, many square miles of ground; it is dispersed here and there, with patches of better land intermixed, and the same person who rents the better land, obtains along with it the inferior soils which alternate with it. He pays a rent, nominally for the whole farm, but calculated on the produce of those parts alone (however small a portion of the whole) which are capable of returning more than the common rate of profit. It is thus scientifically true, that the remaining parts pay no rent.

§ 4. Let us however suppose that there were a validity in this objection, which can by no means be conceded to it; that when the demand of the community had forced up food

to such a price as would remunerate the expense of producing it from a certain quality of soil, it happened nevertheless that all the soil of that quality was withheld from cultivation, by the obstinacy of the owners in demanding a rent for it, not nominal, nor trifling, but sufficiently onerous to be a material item in the calculations of a farmer. What would then happen? Merely that the increase of produce, which the wants of society required, would for the time be obtained wholly (as it always is partially), not by an extension of cultivation, but by an increased application of labour and capital to land already cultivated.

Now we have already seen that this increased application of capital, other things being unaltered, is always attended with a smaller proportional return. We are not to suppose some new agricultural invention made precisely at this juncture; nor a sudden extension of agricultural skill and knowledge, bringing into more general practice, just then, inventions already in partial use. We are to suppose no change, except a demand for more corn, and a consequent rise of its price. The rise of price enables measures to be taken for increasing the produce, which could not have been taken with profit at the previous price. The farmer uses more expensive manures; or manures land which he formerly left to nature; or procures lime or marl from a distance, as a dressing for the soil; or pulverizes or weeds it more thoroughly; or drains, irrigates, or subsoils portions of it which at former prices would not have paid the cost of the operation; and so forth. These things, or some of them, are done, when, more food being wanted, cultivation has no means of expanding itself upon new lands. And when the impulse is given to extract an increased amount of produce from the soil, the farmer or improver will only consider whether the outlay he makes for the purpose will be returned to him with the ordinary profit, and not whether any surplus will remain for rent. Even, therefore, if it were the fact that there is never any *land* taken into cultivation, for which rent, and that too of an

amount worth taking into consideration, was not paid; it would be true nevertheless that there is always some *agricultural capital* which pays no rent, because it returns nothing beyond the ordinary rate of profit: this capital being the portion of capital last applied—that to which the last addition to the produce was due; or (to express the essentials of the case in one phrase), that which is applied in the least favourable circumstances. But the same amount of demand, and the same price, which enable this least productive portion of capital barely to replace itself with the ordinary profit, enable every other portion to yield a surplus, proportioned to the advantage it possesses. And this surplus it is, which competition enables the landlord to appropriate. The rent of all land is measured by the excess of the return to the whole capital employed on it, above what is necessary to replace the capital with the ordinary rate of profit, or in other words, above what the same capital would yield if it were all employed in as disadvantageous circumstances as the least productive portion of it: whether that least productive portion of capital is rendered so by being employed on the worst soil, or by being expended in extorting more produce from land which already yielded as much as it could be made to part with on easy terms.

It is not pretended that the facts of any concrete case conform with absolute precision to this or any other scientific principle. We must never forget that the truths of political economy are truths only in the rough. It is not, for example, strictly true that a farmer will cultivate no land, and apply no capital, which returns less than the ordinary profits. He will expect the ordinary profits on the bulk of his capital. But when he has cast in his lot with his farm, and bartered his skill and exertions, once for all, against what the farm will yield to him, he will probably be willing to expend capital on it (for an immediate return) in any manner which will afford him a surplus profit however small, beyond the value

of the risk, and the interest which he must pay for the capital if borrowed, or can get for it elsewhere if it is his own. But a new farmer, entering on the land, would make his calculations differently, and would not commence unless he could expect the full rate of ordinary profit on all the capital which he intended embarking in the enterprise. Again, prices may range higher or lower during the currency of a lease, than was expected when the contract was made, and the land, therefore, may be over or under-rented: and even when the lease expires, the landlord may be unwilling to grant a necessary diminution of rent, and the farmer, rather than relinquish his occupation, or seek a farm elsewhere when all are occupied, may consent to go on paying too high a rent. Irregularities like these we must always expect: it is impossible in political economy to obtain general theorems embracing the complications of circumstances which may affect the result in an individual case. The laws which we are enabled to lay down respecting rents, profits, wages, prices, are only true in so far as the persons concerned are free from the influence of any other motives than those arising from the general circumstances of the case, and are guided, as to those, by the ordinary mercantile estimate of profit and loss. Applying this twofold supposition to the case of farmers and landlords, it will be true that the farmer requires the ordinary rate of profit on the whole of his capital; that whatever it returns to him beyond this he is obliged to pay to the landlord, but will not consent to pay more; that there is a portion of capital applied to agriculture in such circumstances of productiveness as to yield only the ordinary profits; and that the difference between the produce of this, and of any other capital of similar amount, is the measure of the tribute which that other capital can and will pay, under the name of rent, to the landlord. This constitutes a law of rent, as near the truth as such a law can possibly be: though of course modified or disturbed in individual cases, by pending

contracts, individual miscalculations, the influence of habit, and even the particular feelings and dispositions of the persons concerned.

§ 5. A remark is often made, which must not here be omitted, although, I think, more importance has been attached to it than it merits. Under the name of rent, many payments are commonly included, which are not a remuneration for the original powers of the land itself, but for capital expended on it. The additional rent which land yields in consequence of this outlay of capital, should, in the opinion of some writers, be regarded as profit, not rent. But before this can be admitted, a distinction must be made. The annual payment by a tenant almost always includes a consideration for the use of the buildings on the farm; not only barns, stables, and other outhouses, but a house to live in, not to speak of fences and the like. The landlord will ask, and the tenant give, for these, whatever is considered sufficient to yield the ordinary profit, or rather (risk and trouble being here out of the question) the ordinary interest, on the value of the buildings; that is, on what it has cost to erect them, or rather, on what it would now cost to erect others as good: the tenant being bound, in addition, to leave them in as good repair as he found them, for otherwise a much larger payment than simple interest would of course be required from him. These buildings are as distinct a thing from the farm, as the stock or the timber on it; and what is paid for them can no more be called rent of land, than a payment for cattle would be, if it were the custom that the landlord should stock the farm for the tenant. The buildings, like the cattle, are not land, but capital, regularly consumed and reproduced; and all payments made in consideration for them are properly interest.

But with regard to capital actually sunk in improvements, and not requiring periodical renewal, but spent once for all in giving the land a permanent increase of productive-

ness, it appears to me that the return made to such capital loses altogether the character of profits, and is governed by the principles of rent. It is true that a landlord will not expend capital in improving his estate unless he expects from the improvement an increase of income, surpassing the interest of his outlay. Prospectively, this increase of income may be regarded as profit; but when the expense has been incurred, and the improvement made, the rent of the improved land is governed by the same rules as that of the unimproved. Equally fertile land commands an equal rent, whether its fertility is natural or acquired; and I cannot think that the incomes of those who own the Bedford Level or the Lincolnshire Wolds, ought to be called profit and not rent because those lands would have been worth next to nothing unless capital had been expended on them. The owners are not capitalists, but landlords; they have parted with their capital; it is consumed, destroyed; and neither is, nor is to be, returned to them, like the capital of a farmer or manufacturer, from what it produces. In lieu of it they now have land, of a certain richness, which yields the same rent, and by the operation of the same causes, as if it had possessed from the beginning the degree of fertility which has been artificially given to it.

An American political economist of merit, Mr. H. C. Carey*, takes away, still more completely than I have attempted to do, the distinction between these two sources of rent, by rejecting one of them altogether: he considers all rent as the effect of capital expended. In proof of this, he contends that the whole pecuniary value of all the land in any country, in England for instance, or in the United States, does not amount to anything approaching to the sum which has been laid out, or which it would even now be necessary to lay out, in order to bring the country to its pre-

* *Principles of Political Economy*, Part the First, "Of the Laws of the Production and Distribution of Wealth."

sent condition, from a state of primæval forest. This assertion at first sight presents itself as a most startling paradox, seeming to imply, that the lands of all countries, taken on the average, are not worth what has been laid out in improving them; and that, to the proprietors, the improvement of land has on the whole been a miscalculation. But on examining Mr. Carey's data, it appears that he by no means asserts this. In his estimate of the capital sunk in the land, he includes all which has been laid out in making roads and canals; that is, not in adding to the value of land already occupied, but in rendering other and rival lands accessible. Making up the account on this principle, the result brought out by Mr. Carey is perhaps correct, and if it is not, easily might be so. Roads and canals are not constructed to raise the value of the land which already supplies the markets, but (among other purposes,) to cheapen the supply, by letting in the produce of other and more distant lands; and the more effectually this purpose is attained, the lower rent will be. If we could imagine that the railways and canals of the United States, instead of only cheapening communication, did their business so effectually as to annihilate cost of carriage altogether, and enable the produce of Michigan to reach the market of New York as quickly and cheaply as the produce of Long Island—the whole value of all the land of the United States (except such as lies convenient for building) would be annihilated; or rather, the best would only sell for the expense of clearing, and the government tax of a dollar and a quarter per acre; since land in Michigan, equal to the best in the United States, may be had in unlimited abundance by that amount of outlay. But it is strange that Mr. Carey should think this fact inconsistent with the Ricardo theory of rent. Admitting all that he asserts, it is still true that as long as there is land which yields no rent, the land which does yield rent, does so in consequence of some advantage which it enjoys, in fertility or vicinity to markets, over the other; and the measure of its advantage is also the mea-

sure of its rent. And the cause of its yielding rent, is that it possesses a natural monopoly; the quantity of land, as favourably circumstanced as itself, not being sufficient to supply the market. These propositions constitute the theory of rent, laid down by Ricardo; and if they are true, I cannot see that it signifies much whether the rent which the land yields at the present time, is greater or less than the interest of the capital which has been laid out to raise its value, together with the interest of the capital which has been laid out to lower its value. This seems to me an altogether unimportant question.

Mr. Carey's objection, however, has at least thought and originality, and in that respect differs from the arguments commonly met with against the theory of rent; a theorem which may be called the *pons asinorum* of political economy, for there are, I am inclined to think, few persons who have refused their assent to it, except from not having thoroughly understood it. The loose and inaccurate way in which it is often apprehended by those who affect to refute it, is very remarkable. Many, for instance, have imputed absurdity to Mr. Ricardo's theory, because it is absurd to say that the *cultivation* of inferior land is the cause of rent on the superior. Mr. Ricardo does not say that it is the cultivation of inferior land, but the *necessity of cultivating* it, from the insufficiency of the superior land to feed a growing population: between which and the proposition imputed to him there is no less a difference than that between demand and supply. Others again allege as an objection against Ricardo, that if all land were of equal fertility, it might still yield a rent. But Ricardo says precisely the same. He says that if all lands were equally fertile, those which are nearer to their market than others, and are therefore less burthened with cost of carriage, would yield a rent equivalent to this advantage; and that the land yielding no rent would then be, not the least fertile, but the least advantageously situated, which the wants of the community required to be brought into cultivation.

It is also distinctly a portion of Ricardo's doctrine, that even apart from differences of situation, the land of a country supposed to be of uniform fertility would, all of it, on a certain supposition, pay rent: namely, if the demand of the community required that it should all be cultivated, and cultivated beyond the point at which a further application of capital begins to be attended with a smaller proportional return. It would be difficult to show that the whole land of a country can yield a rent on any other supposition.

§ 6. After this view of the nature and causes of rent, let us turn back to the subject of profits, and bring up for reconsideration one of the propositions laid down in the last chapter. We there stated, that the advances of the capitalist, or in other words, the expenses of production, consist solely in wages of labour; that whatever portion of the outlay is not wages, is profit, and whatever is not profit, is wages. Rent, however, being an element which it is impossible to resolve into either profits or wages, we were obliged, for the moment, to assume that the capitalist is not required to pay rent—to give an equivalent for the use of an appropriated natural agent: and I undertook to show in the proper place, that this is an allowable supposition, and that rent does not really form any part of the expenses of production, or of the advances of the capitalist. The grounds on which this assertion was made are now apparent. It is true that all tenant-farmers, and many other classes of producers, pay rent. But we have now seen, that whoever cultivates land, paying a rent for it, gets in return for his rent an instrument of superior power to other instruments of the same kind for which no rent is paid. The superiority of the instrument is in exact proportion to the rent paid for it. If a few persons had steam-engines of superior power to all others in existence, but limited by physical laws to a number short of the demand, the rent which a manufacturer would be willing to pay for one of these steam-engines could not be looked upon

as an addition to his outlay, because, by the use of it, he would save in his other expenses the equivalent of what it cost him: without it he could not do the same quantity of work, unless at an additional expense equal to the rent. The same thing is true of land. The real expenses of production are those incurred on the worst land, or by the capital employed in the least favorable circumstances. This land or capital pays, as we have seen, no rent. Whoever does pay rent, gets back its full value in extra advantages, and the rent which he pays does not place him in a worse position than, but only in the same position as, his fellow-producer who pays no rent, but whose instrument is one of inferior efficiency.

We have now completed the exposition of the laws which regulate the distribution of the produce of land, labour, and capital, as far as it is possible to discuss those laws independently of the instrumentality by which in a civilized society the distribution is effected; the machinery of Exchange and Price. The more complete elucidation and final confirmation of the laws which we have laid down, and the deduction of their most important consequences, must be preceded by an explanation of the nature and working of that machinery—a subject so extensive and complicated as to require a separate Book.

BOOK III.

EXCHANGE.