

mankind, that Value is no attribute of matter, no inherent quality of lands as such wherever situated, but it comes and goes, it is a relation of mutual purchase between human services rendered and received.

(e) Land-parcels becoming valuable in the way but just now indicated, and so long as they continue valuable, that is, salable, are technically *Commodities*, according to our triple division of all Valuables. They belong in this grand division, that we are specially studying in this chapter, for the same reason as a horse does or a steam-engine does. Men did not originally make the land as a congeries of matter, neither do men make horses, nor do they make the iron ore out of which most parts of the steam-engine is made; but men do modify bits of the land as God made it, they subdue it, they improve it in manifold ways, they make it *desirable* in the eyes of other men, and thus or otherwise they come into possession of it, gain for themselves a right to sell it, prepare it to be sold and sell it, on the same principle as men raise and break and train horses and prepare them to be sold and sell them, and just as men by many processes transform the iron ore into a steam-engine and sell that. Ricardo, in his famous doctrine of Rent, says a good deal about "the original and indestructible powers of the soil"; but as a matter of fact, *there are no such powers*, since the elements and properties that constitute land are all the time changing under chemical and other action; and even if there were such powers, it would still be impossible to separate what God did for the land from what men have done in order to fit it to be sold; and what men have ever been authorized to take pay from other men for what God did in the creation of the world? The simple truth is, that Value is never of God's creation but only of men's exertion. There never was any land anywhere fit for cultivation and sale without

more or less expenditure of human labor and reserved capital upon it; and the "powers" of the land, whatever they are, instead of being "indestructible," are in a constant process of wearing out, and require a constant application of labor and capital to keep up their fertility. Valuable pieces of land, accordingly, like all other commodities, derive their *utility* partly from the free contribution of Nature, and partly from the onerous contribution of men; but, on the other hand, they derive their *value*, whether the value be then increasing or diminishing, wholly from human desires and corresponding efforts.

(f) It is but a step from this impregnable position to another, namely, that Henry George is wholly wrong in his view, that there is Value in lands as God made them and gave them to men in common; and consequently, wholly wrong in his doctrine, that a single tax on land values would be just and equal to land owners, and might well be made to take the place of all other taxes on all other persons. He says: "*If we are all here by the equal permission of the Creator, we are all here with an equal title to the enjoyments of his bounty.*" What bounty? If he means the original utility which God put into all lands in common, and which certain men have done nothing to better, there is nobody to dispute his proposition. But he does not mean that, because there is nothing of any significance that could come out of that. What he means is, that it is God and not man who makes lands valuable. He makes no distinction between Utility and Value in lands. He lumps the two together in one, and calls the aggregate the Creator's "bounty." He goes on to say: "*There is on earth no power which can rightfully make a grant of exclusive ownership in land.*" Well! Is there any power on earth which can rightfully deny to any man or family the proprietorship of his own exclusive *efforts*, nobody's else

rights being infringed thereby? Or can deny to him or them the *results* of such efforts, however embodied? When valueless lands are made valuable by human efforts expended to that end, does not the "value" belong to those who made it? When valuable lands have been made more valuable than they were by the efforts and foresight of their owners, the rights of others untouched, does not the "increment" belong to those who have created it? The truth is, if Henry George's powers of radical analysis had been at all equal to his remarkable power of rhetorical presentation, the world would never have been treated to his popular and imposing land-fallacies. Prudhon's "Property is theft," and George's "Single tax on land," rest on the same basis of socialism.

(g) All valuable land-parcels are material Commodities, made to be such by onerous human efforts of some sort expended upon or in some connection with the free Utilities furnished by Nature; the utilities are one thing in origin and function, and the values are a very different thing both in origin and function; and the present point is, that nearly all valuable lands everywhere are Capital also, that is to say, products reserved to aid in a further and future production. Capital is a relatively small class under the immensely large class Values. Capital is by no means coincident with Commodities, since vast lines of the latter are consumed with no reference to a further production by means of their use. But capital is always either commodities or claims, and valuable bits of land are always commodities and nearly always capital; because all tillage and pasture lands, all forests grown for wood and timber, and lands of all sorts rented or held for resale at a higher price, are capital under the definition, are "*products reserved as an aid to further production.*" The peculiarity of all farming lands is this, they are themselves commodities,

in whose creation God's free gifts and men's onerous labors have conspired; and they are held in reserve by their owners as capital, for the sake of producing by their means with the help of more of God's free gifts further valuable commodities, such as grain, and fruit and timber. Farms in their highest reach of previous culture still need for crops the sun and the rain. Indeed the sun is the most useful and powerful force in the world. Oh! how it warms and lifts and quickens! Give it and the rain and the dew but a fair chance on lands properly prepared for them, and endless fields blossom like the rose and are white to the harvest!

Agriculture always has been and always will be the vocation of the masses of mankind. Under a fair freedom, and a decent law, and a reasonable industry, Agriculture is always profitable; because it is natural, that is, designed by God for the welfare of mankind; because it lies at the basis of all other industries,—most of the food of mankind, most of the raw material of all manufactures, most of the subject-matter of all national and international commerce,—come out of the farms of the world; because it has been ordered so in the nature of things, that, under a tolerable freedom, a given amount of agricultural products tends constantly to buy, that is, to pay for, more and more of almost all kinds of manufactured products, for a reason to be explained shortly, thus tending strongly to uplift the farming masses in a scale of comforts; and because there is no other main line of human activities so constantly and so prodigiously and so gratuitously assisted by Natural Agents as is Agriculture. As Milton has profoundly expressed it in the "Hymn to the Nativity," the Sun is indeed to Mother Earth "*her lusty paramour.*" But at this very time of writing a wail is coming up in ever deepening tones from Italy and France and Germany and

Russia and especially the United States, that a colossal blunder in legislation common to all these countries now, say rather a colossal crime of the powerful few against the humble many, in the shape of tariff-monopolies, neutralizes in large part these natural advantages of agriculture, makes farming unprofitable and farmers unable to pay their taxes, diverts young men in increasing numbers from the farms to the towns, plasters the lands over with mortgages, shuts out from their natural markets the products of the land, thus depressing their price, and shuts off from farmers by outrageous taxes their natural supplies, thus augmenting their price. Farmers in all these countries are revolving between the upper and the nether millstones. Count Giusso, ex-Mayor of Naples, and now a deputy from that city, has just made a speech in the Italian Parliament, which sets forth in strong terms the great depression in Agriculture, and the critical condition of the public finances, brought about by the new policy of protectionism there. He says: "*The Utopian idea of creating an industrial Italy on the ruins of an agricultural Italy, has been a colossal error big with disastrous results. We have preferred the shop to the land; we have preferred the coal we do not possess to our Italian sun; we have preferred the motive force of steam to the most powerful motive force in the universe, the sun; and we are naturally suffering the sad consequences.*" Exports increased in Italy in 1888 by \$24,000,000, and imports by \$42,000,000; and the Count quotes the cry coming up from one end of the Peninsula to the other: "*Give us the means of selling our products, and we will pay the taxes.*" England is the only considerable country in the world, whose customs-revenue increased in the fiscal year 1888-89 over the year before; this English increase was over 5 per centum, which means an increase both in imports and exports, whose movements are almost

absolutely free so far as England is concerned; while in all the countries mentioned above, which are under a different system in that respect, there was a *deficit* of revenue from tariff-taxes as compared with the year before, and a *decrease* in both exports and imports.

(h) If nearly all bits of valuable lands be capital, as we have just seen strong grounds for believing, then it follows of course, that *the Rent of leased lands whether for buildings or harvests is the same in nature with the Interest on money loaned, and is the measure of the service rendered by the owners to the actual users of the Capital.* This proposition, seen in its radical proofs and in its logical corollaries, takes the very life out of Henry George's land-theories, and out of the popular remedies thereto annexed. The writer firmly believes also, that this proposition in the grounds of it and in the inferences from it might have been used by Mr. Gladstone and his followers with telling effect in the animated discussions of the Irish land-question in the British Parliament during the decade 1880-90. In the debates on the Irish Land Bill passed in 1881, the representatives of the land-owners in Ireland held to their right to take all the rent they could extort by the help of the law; on the other hand the representatives of the Irish rent-payers held to their right as cultivators and maintainers to withhold rent in large part or altogether; and Mr. Gladstone, as representative of the nation, while insisting on the right of the owners to certain rents, insisted equally on the right of the cultivators to certain important privileges in the soil. Our present proposition with those that spring out of it, though it was not used by Gladstone, as it might well have been to smooth his pathway through the roughness of that legislation, yet justifies at one and the same time the discontent of the Irish rent-payer, the claim of the Irish land-holder to an assured rent of some

sort, and the fundamental principle of the Irish Land Bill of 1881. That bill gives a certain modified ownership and control to the actual cultivators and maintainers of the soil. That is right.

The principle of land-values herewith enunciated, their uprise and increase and frequent decay also in all land-parcels, justifies completely the concessions to tenants in that bill; while the old and still commonly accepted English principles of land, and the false yet famous doctrine of Rent promulgated by Ricardo at the beginning of the century, are wholly against Gladstone and his concessions in that bill. Let us now see whither simple analysis and logical processes will quickly bring us in this whole matter. Valuable land was once valueless, and always remained so, until, by virtue of human efforts expended upon it or in some direct connection with it, coupled with the desires of certain other men for that land or its produce, accompanied with a readiness on the part of these men to render some equivalent for it or its use, first imparted value to that particular patch; moreover, it has been found in practice ten thousand times, just as one would expect, knowing the origin of value in general, that, unless human efforts are further and constantly expended on or in connection with that piece, and unless desires of other men continue to turn towards it in the way of exchange, its value will silently and inevitably escape from it; therefore, whoever has come into possession of that valuable piece of land by purchase or inheritance, and foregoes the use of it in favor of another as a tenant, is morally and commercially entitled to the stipulated return for that use, *which is rent*; but also, if that other, aside from the current use which is always a wearing-out process, contributes in any way to the continuance and increase of the value and fertility of the land,

then and so far he gains rights in the land and becomes a sort of joint owner of it, since what he has done in the way of maintenance and improvement is inextricably mingled with what the other owners or users have done, and is of the same nature with that; and, therefore, the modified ownership of certain tenants recognized in Gladstone's bill is in strict accordance with ultimate justice, as it is also in strict accord with right, that the legal owner should continue to receive a return in the shape of rent for all the fertility and opportunity actually contributed by him, and no more. The discontent of the Irish peasantry has largely come from an instinct or intelligence more unerring than the economics of the land-owners, namely, that they are called on to pay rent for what they themselves have *contributed* in addition to the rent for what they have *received*. The true origin of value in land, and the only way in which value in land is kept up, seems to have penetrated deeper into the minds of Irish tenants than into the minds of many British statesmen.

(i) If the bulk of all valuable land-parcels be capital, as it is, then one might expect beforehand to find a *law of diminishing returns* from such lands, agricultural labor and skill remaining the same; because, all capital is tools made such by the expenditure of human efforts on changeable material, and then by the practice of *abstinence*, and tools from their very nature are always wearing out. Increase of efforts in connection with any form of capital unimproved by new inventions and uninvigorated by fresh skill, though they may indeed increase the aggregate return, cannot, for the reason just given, *secure an increase proportioned to the increase of the efforts*. The English writers generally, and Mr. Ricardo in particular, justly lay much stress on this proposition, although they have not taken lands to be capital, and have proven the law of

diminishing returns in a different way from ours, and consequently have not set the propositions of land in their best and most ultimate relations. Their method of proving the law, however, is short and conclusive: If by doubling the efforts upon a piece of land, double the produce could be secured, and by quadrupling it, quadruple, and so on, there would be no reason why any man should ever cultivate more than a square acre, or even a square rod. He has a strong motive to confine his culture to a small space, just so long as the amount of produce is in the ratio of the efforts expended, because there is less locomotion of tools and fertilizers and crops. The fact that he extends his culture from one acre to another, and then to distant acres, notwithstanding the inconvenience and expense of transportation, is an irrefragable proof of the proposition in question. Increase of agricultural efforts and expenditures on a given space of land will secure a larger amount of produce, but as a general law, *the increased amount will not be proportioned to the increased expenditure.*

It is through this law of diminishing returns, that the Creator has secured the gradual occupation, by men, of almost the whole earth. There is a strong and natural tendency to leave the old acres to advance upon new, the old countries to emigrate to new, whenever the returns begin to bear a more unfavorable ratio to the labors bestowed. The farmer will advance from the first to the second acre as soon as he thinks that more produce can be obtained from it by a given amount of efforts than can be gotten by a like expenditure of additional efforts upon the first acre, allowance being made for the increased inconvenience; and so, cultivation has gradually extended itself and men have become dispersed over the whole earth. Other principles leading to dispersion have undoubtedly co-operated, but this is the fundamental one, operative at

all times, changing the course of population, and consequently of empire.

(j) It follows from the points already made, *that all permanent improvements in agriculture retard the operation of the law of diminishing returns.* The recent introduction of the silo, for example, upon the long-used and wearing-out farms of New England promises, if the public law would quit throwing in obstacles, to help restore the fertility of many of them. The discovery of new and more available fertilizers, the invention of better agricultural implements, the light thrown by chemistry upon agriculture, the consequent adoption of better methods of culture and rotation of crops, the more perfect adaptation to the various soils of the kinds of produce sought to be raised from them, — all these and similar improvements tend to increase the ratio of produce to the labor, and to disguise the law just established. The lands that are now under cultivation may be made, under more skilful modes of culture to yield indefinitely more than at present, and the vast still uncultivated lands of the world may come to render an incalculable quantity of food to the world's population; but yet, as improvements are naturally less continuous in this than in most other departments of production, as invention has much less play, as there is less opportunity for the division and co-operation of laborers, *as nothing can materially shorten the time during which the fruits of the earth must ripen,* it is certain that possible improvements will never override the law of diminishing returns; and, consequently, *that the value of agricultural produce tends constantly to rise relatively to manufactured products generally.*

(k) The last point to be made under the general topic we are now discussing, is, *that the best tenure of lands in the interest of the production of material commodities is the*

fee simple in the hands of the actual cultivators. This is the old Teutonic holding; but special circumstances in the British Islands have gradually changed these small holdings once cultivated by the hands of their free owners into large estates, the parts of which are leased out at will or for a term of years to tenants or "farmers" as they are there called, who, in turn, being small capitalists, as the land-owners are large capitalists, furnish the stock and hire the laborers and thus become the actual cultivators, and even often sublet parts of their own leased holdings to tenants of the next degree below, who can furnish less stock and can hire fewer laborers. The word "farmer" as used in the United States has a quite different meaning from that it bears in Great Britain; it means here a man cultivating his own fields with his own funds in his own way, and it means there a man cultivating another's fields with his own funds in a way and on terms made a matter of contract between the two; and these two modes of culture are so distinct that they are not likely to lie alongside of each other to any great extent for a very long time in the same country. Since her great Revolution, and under the action of the law requiring the equal partition of every man's landed estate among all his children, France has had for the most part the small holding tilled by the owner's own hands, instead of the great estates of the old *régime*, the average being about 14 acres to each owner, and nearly one fourth of the entire population being proprietors of land either in town or country; in the United States the plough is guided almost wholly by the man who owns the soil he tills; while in Great Britain the original peasant proprietor has almost entirely disappeared. Each system has its advocates and arguments.

The question at bottom is, whether capital in the form of tillable land is more *effective* when held in large masses

and loaned out to men, who possess small capitals in another form than land, and are willing to apply these for a return upon that land, or when held in small masses and used as capital by the owners themselves, who also own some capital in another form than land and are willing to apply this to their own profit upon their land. We hold, that the latter method is better than the former, both for the maintenance and improvement of the land itself as capital and also for the current production of commodities from it, because, (1) when one owns the farm he works, from the very nature of permanent ownership he takes a greater interest in it, perhaps he has inherited it from his fathers, perhaps he has bought it and paid for it at the hardest, at any rate it is his own, and as all men work from *motives* and the energy of the work is proportioned to the constant press of the motives, then must the owner of the capital, whose abstinence *makes* it capital, be under the strongest possible motive at once to improve his capital and also to make the current produce from it as great as possible, since the capital itself and all it yields is his own; moreover, (2) ownership improves the moral *character* of the cultivators, it tends to make them industrious, thrifty, frugal, independent, hopeful of the future, anxious to give their children better privileges than they themselves had, and it would seem as if the masses of men are educated by nothing so much, at least by nothing more, as and than by the *ownership* of land, wherever such tenure is possible and easy to the masses; and (3) the outward testimony is abundant from many lands, that the peasant proprietor *is* a happier and more virtuous man, a more productive and progressive one, than the mere tenant and farm-laborer, while there is much perhaps less conclusive testimony that leased lands are inferior in point of improvements and productiveness to the same lands when cultivated by their

owners and to contiguous or at least similar lands still so cultivated.

It is a cognate point yet worthy of separate mention, that a general division of lands into farms only moderately large and approximately equal is most favorable to the largest aggregate production. Such a division takes place of itself wherever the lands are held in fee simple, and the cost of land-transfers is slight, and there are no such obstacles as slavery or primogeniture, as has happened practically in New England and in the Middle and Western States, and as is now happening of its own accord more or less at the South. The Greek writer, Aristotle, quoted some centuries before Christ from "the African," probably some Carthaginian writer on agriculture, the now familiar saying, "*the best manure for the land is the foot of the owner.*" This homely word long attributed to Dr. Franklin, who stole it for his "Poor Richard's Almanack" more than a century ago, is based on the sound principle, that personal supervision to be most effective must be limited in its sphere, and that the best agricultural skill becomes weak when it attempts to exhibit itself on too broad a surface. Because a man can cultivate 100 acres better than any of his neighbors, it does not prove that he will cultivate 50 acres additional to them better than a neighbor of inferior skill, who is the owner of these 50 and no more. When the freeholds are small and nearly equal a wide competition among the farmers comes naturally into play, success is seen to depend upon personal efforts of intelligence and will, and interest and hope become the motives to the most productive cultivation. There is a high pleasure in possession and in self-guided exertion, and an impulse is broadly felt over the whole region to get as much as possible out of the land and at the same time to keep good and ever improve its condition. To protect and

advance his own interests, to attend upon the seasons, to watch and wait, to foresee and plan and labor,—all this develops the farmer, and gives him energy and independence; and wherever there is a broad basis of such independent yeomanry to lean back upon, when heavy taxes are to be raised and strong blows of battle are to be struck, the national safety and position are assured.

6. We come now in the last place to consider the *Costs of Production* of material commodities of all sorts. Valuable patches of land, all prepared for Production in its several kinds, are the most important Commodities in the world, and the largest also in volume of Value. What did it cost "*to subdue*" the present tillable lands of this country? How much did it cost to get ready for grazing the broad pastures? To make accessible the forests that yield the timber? To open up the mines also and bring them into "touch" with the population? These questions are of great consequence, not that the actual past cost of any class of these more permanent "commodities" in the commercial world will be any safe guide to their present value, since cheaper and cheaper means of subduing the rugged forms of Nature are all the while coming into play, and all things that did cost more once tend pitilessly to fall to what similar things cost now; and since also it is never "efforts" alone that determine the value of anything, but efforts in conjunction with the "desires" of other men. Still, the *amount* of efforts expended at any given time upon these more stable commodities to make them productive, that is, their cost of production, is always gauged in general by an *estimate* of what the "desires" for them will be when completed; and this makes their cost of production a sort of loose measure of their value at the time. The main reason, however, why the cost of production of these primal commodities, namely, valuable land-patches,

whatever may be expected to be produced from them afterwards, is so important, is, that as a general rule, the less the cost of any commodity meeting a universal want *the wider and surer is its market*. The larger the circle of the buyers of anything the more certain its sale; because, the world over, the men of small incomes are manifold larger in number than the men of large incomes. Society is like a pyramid: the lowest course of masonry is the longest and widest,—has the most stones or bricks in it,—and ever fewer towards the top.

If we reckon valuable lands as the *primary* commodities, then the *secondary* commodities will be of two classes, namely, (1) the *produce* of these valuable lands, whether animal or vegetable or mineral, such as cattle and cereals and coal; and (2) vendible material products obtained by human efforts from non-valuable land and sea, such as furs and fish. This division of material commodities into primary and secondary, and the distinction among secondary commodities according as their source is costly and costless, has never before been drawn in Political Economy; and it is fully believed, that the thoughtful reader and student will pretty soon perceive its advantages in helping clear up one of the most confused and perplexing sections of our Science, namely, that which relates to the causes and measures of *Rent*. We are now to inquire into the elements of the *cost of production* of each of these three classes of commodities; and we may find ourselves surprised at the simplicity and certainty of these elements.

1. We will now look into the Cost of Production of valuable land-patches themselves, the first and most important class of commodities. Here, as everywhere else in Valuables, we discover certain free gifts of Nature, without whose presence indeed the value could never come into being, but which are not *constituents* of the value, be-

cause they are gratuitous, given of God, and because the natural competition among buyers and sellers inevitably flings out from all effect on value of the otherwise possible action of these free and bountiful gifts, as have been already fully illustrated in chapter first. No piece of land ever yet had one particle of Value until human efforts of some sort had been expended on it or in some connection with it, for two excellent reasons, first, no man would ever even *think* of saying to another in reference to such a piece of land "Give me something for it and I will pass it over to you," and second, even if he did think of such an absurdity the other would reply "Why should I give you anything for something to which you have not the least claim, especially as I can take for nothing just such pieces all around here?" It must be remembered, not only that God gave the whole earth to all mankind without distinction, but also that his bountiful hand scattered all peculiar kinds of patches in great number upon each of the Continents. There is a plenty of Utility (gratuitous) in land-parcels just as God made them, but no possibility of Value (onerous) till other hands than His have touched and benefited them.

What, then, are the onerous elements that enter into the value of land-parcels and constitute their Cost of Production? There are only two such elements, namely, *Cost of Labor and Cost of Capital*. To find out exactly what "Labor" is, and what there is in it entitling and assuring its reward in "Wages," will be the task and perhaps also the pleasure of the next chapter; but it will suffice for the present discussion to say, that Labor is human exertion put forth for the sake of a commercial return. Lands can by no possibility be brought out of a state of nature into a state of value without the expenditure of Labor; and the actual or estimated cost of this labor, accordingly, is the

first constituent of the Cost of Production of valuable lands considered as Commodities. Labor, however, can not apply itself to free lands in order to make them valuable without the co-operation of another onerous element, namely, Capital, in some of its many forms. For example, if forest lands are to be made tillable, the trees must first be cut down, and this will require besides the muscular exertion of the laborer something in the way of an axe, which is capital, the result of previous labor reserved to assist in further production: if native prairie is to be subdued to a valuable commodity, something of the nature of a plough must be employed in the process, and horses or a steam engine to propel it, and a plough and horses are capital, and still require fresh labor to make them useful in production. But capital always costs something; and, therefore, the cost of the Capital enters in as a second constituent into the cost of production of Land-Commodities. But these two costs are all. We shall search in vain for any other onerous element in the cost of producing commodities. There are two variables only in the Cost of Production, which itself is the sum of the two subordinate costs.

(a) And now let us analyze first the Cost of Labor in this connection, and then second the Cost of Capital, and we shall soon reach radical and unchangeable ground, and find in the sum of these two an aggregate Cost of Production, and also all of the variables that can ever enter into such Cost. It is plain to reason, that only by Labor non-valuable land-pieces ever did or ever can become valuable. Captain John Smith understood this in 1607 at Jamestown as well as anybody understands it now: there were 48 gentlemen, and only 12 tillers of the soil, among the 105 colonists, who originally landed there: "*nothing is to be expected hence,*" he wrote of the new country, *but by "labor:"* new supplies of laborers, aided by a wise allotment of land-

parcels to each colonist, secured after five years of struggle the lasting fortunes of Virginia: "*men fell to building houses and planting corn*": the very streets of Jamestown were sown with tobacco; and in fifteen years the colony numbered 5000 souls.

Now the cost of Labor is analyzable into three variables only, namely, (1) the *efficiency* of the labor; (2) the *rate* of nominal wages paid; (3) the cost to the employer of *that valuable*, in which the wages are paid. Let us see: what an employer wants *is to get things done*; consequently, if an employer hire two men to work for him at the same rate of wages, and if one be twice as efficient a laborer as the other, the *cost* of the labor of the first is only one half the cost of the labor of the second: therefore, a *high rate of wages* does not mean a *high cost of labor* whenever and wherever the laborers are very efficient. As a rule, it is found, that the cost of labor in reference to a given product is *the least* in those countries, like the United States and Great Britain, in which the rates of nominal wages are *the highest*; because, it is found also, that a high *efficiency* of laborers accompanies both as a cause and as an effect high rates of wages.

Secondly, there are striking differences in the rates of nominal wages paid for a day's work in the same general employment in different parts of the same country, and especially in different countries. The agricultural laborer in the west of England, say in Wiltshire, gets about 10s. per week, while in the north of England, say Nottinghamshire, laborers at the same general work get about 16s. per week. Walker in his *Wages-Question* gathers from the best authorities many such statements as these: "On the Grand Trunk Railway in Canada the French-Canadian laborers received 3s. 6d. a day, while the Englishmen received from 5s. to 6s. a day, but it was found

that the English did the greatest amount of work for the money." "In the quarry at Bonnières, in which Frenchmen, Irishmen, and Englishmen were employed side by side, the Frenchmen received 3, the Irishmen 4, and the Englishmen 6, francs a day; and at those different rates the Englishman was found to be the most advantageous workman of the three." "The statistics of the iron industry in France show, that on the average 42 men are employed to do the same work in smelting pig iron as is done by 25 men on the Tees." "In India, although the cost of daily labor ranges from 4½d. to 6d. a day, mile for mile, the cost of railway work is about the same as in England." Thus it is plain, that a *high rate of wages* does not import a *high cost of labor*, but rather the reverse. A vast mass of current fallacies are disposed of in a moment by this truth seen in its grounds. The United States have shown in the past the highest rates of nominal wages in the world, and at the same time have shown the lowest costs of labor to the employers, because as a rule the laborers here have been more efficient than elsewhere. England has the highest rates of wages and the lowest costs of labor in Europe for the same reason. The degree of *efficiency* shown by different laborers is the second variable in a cost of labor.

Thirdly, if that valuable, whether money or other, in which wages are paid, varies in cost to the employer, then the cost of the labor paid for by that valuable, efficiency of the laborers, and nominal rate of pay remaining the same, will of course be varied thereby. We shall learn hereafter in the chapter under that title, that the value of "Money" is by no means invariable even in one country, just as we have already learned the variable nature of all other values; and, too, wages are not always paid in money, though they are commonly reckoned in the terms of money;

and accordingly, the third and last variable in a cost of labor is the cost to the employer of that valuable, whatever it be, in which the wages are paid. Assuming, as we may, that given wages are paid in money, then any country that has for any reason a more abundant money than another may clearly pay higher rates of nominal wages than that other without making its costs of labor any higher than in that. The United States, for example, has usually had a very abundant money (not always of the best kind), which of course has tended to make higher the current prices of all commodities, and this has enabled capitalist-employers to pay higher nominal rates of wages, without at all enhancing relatively the costs of labor, and also without really benefiting the laborers.

(b) We will now analyze second the Cost of Capital in this connection, as the only other element of cost in the Cost of Production of Commodities in general, and particularly now in the cost of making worthless land-pieces valuable so as to be used in further production. Here too we find three variables, no one of which can be safely neglected any more than the other three in the reckoning that has for its object a prospective cost of production. These are, first, *the current rate per centum*; second, *the time for which the capital is advanced*; and third, *the liability of that form of capital to slow or rapid wearing out*. For instance, under the first variable, the rate per centum of capital, if the rate at Amsterdam be 3 and that at New York be 7, if the cost of labor be equal in the two cities, if the time of advance be one year, and if there be no liability of the capital to wear out; then any commodity made at Amsterdam with an outlay of \$100 may be sold at a profit for \$103, while a similar commodity made at New York with the same outlay cannot be sold for less than \$107. All other things being equal, a *low*