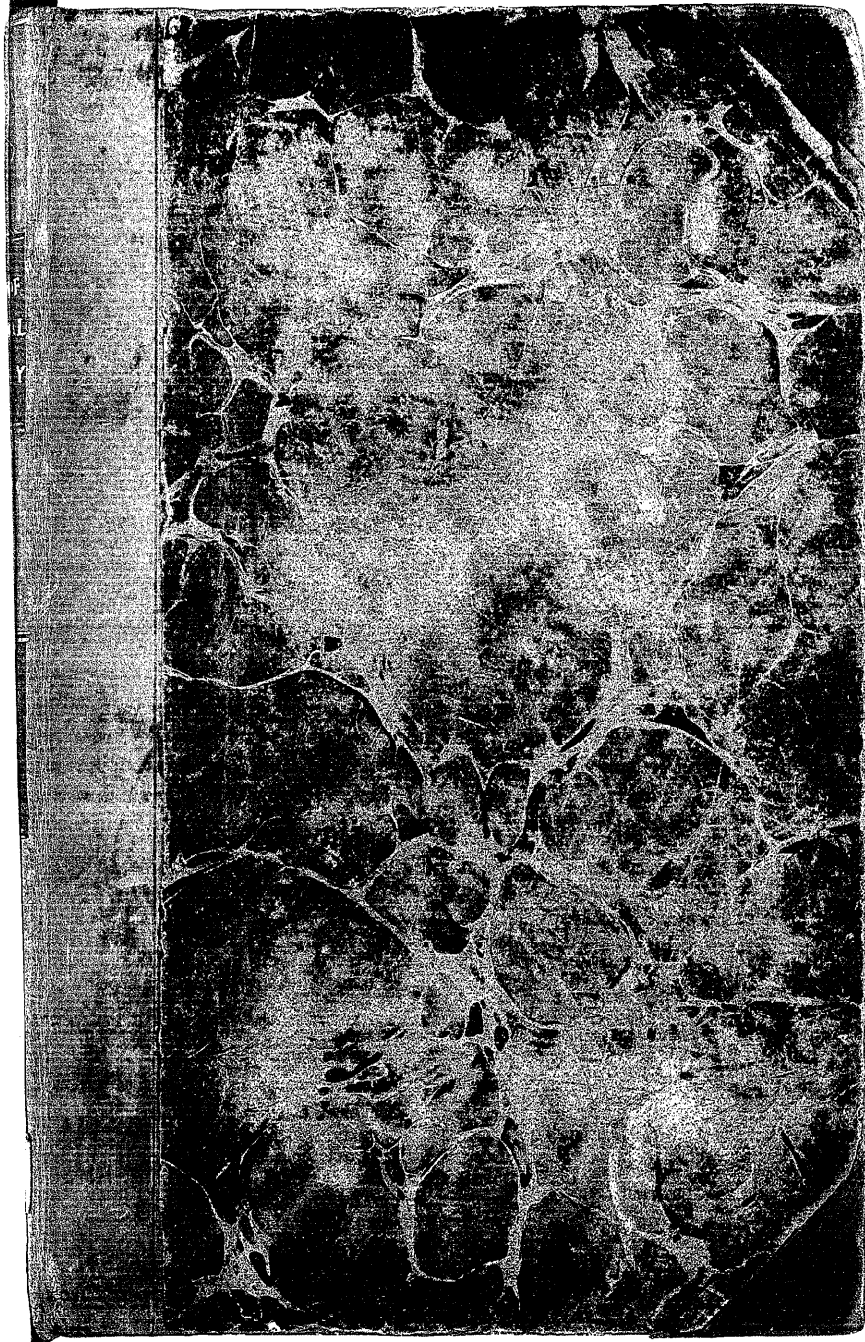


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THE LOGIC  
OF  
POLITICAL ECONOMY.

BY  
THOMAS DE QUINCEY.

WILLIAM BLACKWOOD AND SONS,  
EDINBURGH AND LONDON.  
MDCCCXLIV.

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## PREFACE.

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THAT the reader may not seek in this little work any thing other or more than was designed, I will briefly state its primary object. Political Economy does not advance. Since the revolution effected in that science by Ricardo, (1817,) upon the whole it has been stationary. But why? It has always been my own conviction that the reason lies, not in any material defect of facts, (except as to the single question of money,) but in the laxity of some amongst the distinctions which are elementary to the science. For example, that one desperate enormity of vicious logic, which takes place in the ordinary application to price of the relation between supply and demand, has ruined more arguments dispersed through

speeches, books, journals, than a long life could fully expose. Let us judge by analogy drawn from mathematics. If it were possible that but three elementary definitions, or axioms, or postulates, in geometry, should be liable to controversy and to a *precarious* use, (a use dependent upon petition and momentary consent,) what would follow? Simply this—that the whole vast aerial synthesis of that science, at present towering upwards towards infinity, would exhibit an edifice eternally, perhaps, renewing itself by parts, but eternally tottering in some parts, and in other parts mouldering eternally into ruins. That science, which now holds “acquaintance with the stars” by means of its inevitable and imperishable truth, would become as treacherous as Shakspeare’s “stairs of sand:” or, like the fantastic architecture which the winds are everlastingly pursuing in the Arabian desert, would exhibit phantom arrays of fleeting columns and fluctuating edifices, which, under the very breath that had created them, would be for ever collapsing into dust. Such, even to this moment, as regards its *practical* applications, is the science of Political Economy. Nothing can be postu-

lated—nothing can be demonstrated; for anarchy, even as to the earliest principles, is predominant. Under this conviction, about twenty-two years ago, I sketched a fragment of this science, entitled “*The Templar’s Dialogues.*” The purpose of this fragment was—to draw into much stronger relief than Ricardo himself had done, that one radical doctrine as to value, by which he had given a new birth to Political Economy. My little sketch had the merit of drawing from an author, to this day anonymous, the “*Critical Dissertation upon Value.*” Naturally, it is gratifying to have called forth, whether in alliance or in opposition, so much of ingenuity and of logical acuteness. But, with all his ability, that writer failed to shake any of my opinions. I continue to hold my original ideas on the various aspects of this embarrassing doctrine; and I continue to believe that a much severer investigation of this doctrine is indispensable at the outset. In prosecution of that belief, I now go on, without again travelling over the ground which possibly I had won in “*The Templar’s Dialogues,*” to investigate some further perplexities in the general doctrine of value, and particularly such as these which I now

specify, in the view of intercepting any misdirected expectations as to the nature of the book.

1. With respect to what is called *value in use*, I endeavour to expose the total misapprehension, by Adam Smith, of the word "*use*," as though any opposition were here indicated between the *useful* and the *ornamental* or *pleasurable*. Not what is useful, but what is used, here forms the *nodus* of the antithesis, and regulates conformably the mode of appreciation.

2. With respect to the same term, *value in use*, I endeavour to establish another distinction as against another perplexity much more important. We sit on a summer day by the side of a brook, and, being thirsty, drink from its waters. Now, this beverage has confessedly a value in use; but in England, it is so far from bearing a value in exchange, that such a case expresses the very abnegation and antithesis of exchange value. On the other hand, there is by possibility a very different value in use; there is such a value (that is, a value determined altogether and simply on the scale of uses or teleologic aptitudes) arising under circumstances which will not range it *against* exchange value as its polar antithesis, but will

range it *under* exchange value as one of its two modes. In the first acceptance, *value in use* is made co-ordinate with exchange value—ranges over against it, as its adequate contradiction; in the second acceptance, value in use is made subordinate to exchange value, as one of its two modifications. Here lies a source of confusion which never has been exposed, and which, at the very vestibule, has hitherto defeated all attempt at a systematic theory of value.

3. I endeavour to expose the confusion between "market value" as a fact, and "market value" as a law. The term "market value," in *popular* use, expresses only a barren fact—the value of an article, for instance, in Liverpool as opposed to Glasgow; to-day as opposed to yesterday. It means no more than existing value as opposed to value past or future; actual value as opposed to possible value. But, in the *technical* use, "market value" points to no idle matter of fact, (*idle*, I mean, because uninfluential on the price,)—but it points to a law modifying the price, and derived from the market. In this use, the term "market" does not indicate the mere *ubi* or the *quando* of the sale; but is a

short-hand expression for the relation between the quantity offered for sale, and the quantity demanded. That is certainly a distinction old enough to be clearly apprehended; and often it *is* clearly apprehended. Yet also, in the practical use, too often it is utterly misapplied. Even by those who parade the distinction in their theoretical statements, even by him who introduced this distinction—lastly, even by that Ricardo who favours us with a separate chapter on this distinction, practically the two senses contemplated by the distinction are confounded, inferences being derived from one sense which apply only to the other.

4. I endeavour to expose the metaphysical confusion involved in "market value," when it is supposed by possibility to constitute an *original* value. This is an error which has led to worse consequences than any of the others here noticed. People fancy that the relation of Supply to Demand could by possibility, and that in fact it often *does*, determine separately *per se* the selling price of an article. Within a few months, this monstrous idea has been assumed for true by Colonel Torrens, in an express work

on Economic Politics; by Lord Brougham, in relation to the foreign corn trade; and by almost every journal in the land, that has fallen under my own eye. But it is a metaphysical impossibility that Supply and Demand, the relation of which is briefly expressed by the term "market value," could ever affect price except by a *secondary* force. Always there must be a *modificabile*, (*i. e.* an antecedent price, arising from some other cause,) before any modification from Supply against Demand can take effect. Consequently, whilst "*natural* price" (the contradiction of "*market* price") is always a monomial, price, founded on the relation of Supply to Demand, must always be a binomial.

The latter chapters, as a sort of *praxis* on the law of value applied to the leading doctrines of Ricardo, were added for the sake of the student in Political Economy. They are not absolutely required; but they may have a use in tracing the descent of a pure theory—into consequences connected on the one side with theory, and on the other side with practice.

Feb. 8, 1844.



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THE LOGIC OF POLITICAL ECONOMY.

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CHAPTER I.

VALUE.

SECTION I.—VALUE IN THE GENERIC SENSE.

THAT natural distinction, which takes place from the very beginnings of society, between value as founded upon some serviceable quality in an object too largely diffused to confer any power of purchasing other objects—and value as founded upon some similar quality in an object so limited as to become *property*, and thus having a power to purchase other objects, has long been familiar to the public ear under the antithetic expressions of "*value in use*" and "*value in exchange*." Who first noticed pointedly a distinction which must always obscurely have been moving in the minds of men, it would now be idle to enquire: such an enquiry would too much resemble

that Greek question—"Who first invented sneezing?" For my own part, the eldest author, in whom I remember to have traced this distinction formally developed, is Plautus—contemporary with Hannibal. He, in his "*Asinaria*," has occasion to introduce a lively scene on a question of prompt payment between *Argyrippus*, a young man then occupied in sowing wild-oats, and *Celereta*, a prudent woman settled in business on her own account. She is in fact a *lena*—which name, however, did not bear so horrid a construction under Pagan morals as most justly it does under Christian: and, in that professional character, she is mistress of a young beauty with whom *Argyrippus* had celebrated a left-handed marriage some time back, which connexion he now seeks to renew upon a second contract. But for this a price is asked of sixty guineas. The question which arises between the parties respects the propriety of the household economy for the present going on upon tick, which *Argyrippus* views as the sublimest of philosophical discoveries; whilst the *lena* violently resists it as a vile one-sided policy, patronized by all who happened to be buyers, but rejected universally by sellers. The following is the particular passage which concerns the present distinction between *value in use* and *value in exchange* :—

" ARGYR. Ubi illæc quæ dedi ante ?

" CÆLER. Abusa : nam, si ea durarent mihi,

Mulier mitteretur ad te : nunquam quicquam poscerem.

*Diem, aquam, solem, lunam, noctem,—hec argento non emo :*

*Cætera, quæque volumus uti, Græcâ mercamur fide.  
Quum à pistore panem petimus, vinum ex cenoplio,  
Si eas habent, dant mercem : eâdem nos disciplinâ utimur.  
Semper oculatæ nostræ sunt manus, credunt quod vident.  
Vetus est—nihili cocio est."*

ARG. What has become of those sums which in times past I gave you ?

CÆL. All spent, sir—all consumed; for, believe me, if those monies still survived, the young woman should be dispatched to your house without another word: once paid in full, I'm not the woman that would trouble you for a shilling. Look here:—*the successions of day and night, water, sunlight, moonlight—all these things I purchase freely without money; but that heap of things beside, which my establishment requires, those I pay for on the old terms of Grecian credit.\** When I send for a loaf to the baker's, for wine to the vintner's, certainly the articles are delivered; but when? Why, as soon as those people have touched the cash. Now, that same practice is what I in my turn apply to others. My hands have still eyes at their finger-ends: their faith is strong in all money which actually they see. For "caution," as you call it—for guarantees—they are nothing: security be d—d; and that's an old saying.

The latter part of the speech wanders off into the difference between the system of prompt payment on the one hand, and of credit on the other. But the part in

\* Meaning—no credit at all, but ready money. One incomprehensible old commentator pretends that Plautus, in this phrase, designed a compliment to Greek integrity! He is obliged, however, to confess, as the true ground of the saying, that "*Fluxæ fuerunt olim admodum fidei Græci: ideo Græcus Græco non fidebat, nisi præsentem et numeratâ pecuniâ.*" Meantime, though the *fluxa fides* of the unprincipled Greek was quite undeniable, and, in fact, ruinous to the fiscal service, yet, doubtless, the general want of capital amongst sellers contributed to this absence of credit almost as much as the universal want of probity in the buyers.

italics confines itself to the difference between value in use and value in exchange—between the class of things valuable which could be had for nothing, and that other class of things valuable which must be paid for: secondly, which must also be paid for on the spot. The former class is a limited class; the latter so extensive, that she makes no attempt to enumerate the items: she simply selects two, bread and wine, as representative items—one of which is the more striking, because it represents a necessity already provided for by nature in the gratuitous article of water.

Here, then, already two centuries before the Christian era, in the second or chief Punic war, is the great distinction brought out into broad daylight between the things useful to man which are too multiplied and diffused to be raised into property, and the things useful to man which are *not* so multiplied and diffused, but which, being hard to obtain, support the owner in demanding a price for them. Many people fancy that these two ideas never are, nor could be, confounded: and some people fancy, amongst whom was Mr Malthus, that in the intercourse of real life the word *value*, or *valuable*, never is employed at all, rightly or not rightly, in the original sense as implying mere value in use, but that (except amongst affected or pedantic talkers) this word "*value*" must always indicate some sort of value in exchange. We never, therefore, according to Mr Malthus, use or could use such a phrase

as—"a valuable friend," or "a valuable doctrine." It would be impossible to say that "we ascribed great value to any deliberate judgment of such a judge;" or that "the friendship of a wise elder brother had proved of the highest value to a young man at Cambridge;" or that "the written opinion, which we had obtained from Mr Attorney-General, was eminently valuable." Literally, it is terrific to find blank assertions made by men of sense so much in defiance of the truth, and on matters of fact lying so entirely within an ordinary experience. Full fifty times in every month must Mr Malthus himself have used the word "value" and "valuable" in this very natural sense, which he denounces as a mere visionary sense, suggested by the existing books. Now, to show by a real and a recent case, how possible it is for a sensible man to use the words *value* or *valuable* in this original sense, not merely where a pure generic usefulness is concerned, but even in cases which must forcibly have pointed his attention to the other sense (the exchange sense) of the words,—I cite in the note below a striking instance of such a use,\* from this

\* "*A striking instance of such a use:*"—It occurs in a very useful letter (under date of Dantzic, January 21, 1843) on the Baltic corn-trade, from a writer evidently familiar with the subject, and authenticating his statements by a real signature. The object of the writer, Mr J. L. Stoddart, is to expose the true and ultimate operation of all fixed duties considered as protections to the home-grower, under those dreadful fluctuations in price which not man but nature causes, and which "cannot be avoided, in spite of the philosophers, who dream they have discovered the philosopher's

day's paper (the *London Standard*) for February 27th, 1843.

Value in use, therefore, is an idea lurking by possibility under the elliptical term "*value*" quite as natu-

stone for steadying prices." The purpose and the execution of this gentleman's letter are equally excellent; but the use which he makes of the word *value*, was so perplexing to me in its particular position and connexion, that at first I apprehended some gross misprint. After one introductory sentence, in which he describes himself as a neutral observer under the advantage of being "removed from the excitement of the struggle between manufacturer and agriculturist," Mr Stoddart goes on to say, that "the value of Dantzic wheat, on an average of export, varies from 5s. to 8s. per quarter ABOVE the value of British average wheat;" and after this astounding statement he adds another not at all less so—viz. that Baltic wheat collectively [by which is not meant wheat opposed to the Dantzic wheat, but so understood as to include the Dantzic wheat] may with safety "be estimated on an average to be 5s. ABOVE the value of the growth of the British Islands." Could I trust my own eyes? Undoubtedly I was aware, and had repeatedly used that conviction in print, that the extreme difference between English wheat and foreign would never turn out such experimentally as to justify the monstrous delusions of the Corn-Law agitators. Well I knew that the working poor man would find the ultimate *bonus* upon his bread to be next to nothing under whatsoever changes of the Corn-Law; assuming even the stationariness of wages, and assuming also that no such reaction of evil should arise from the injury to our domestic agriculture as unavoidably would arise. All this I knew. But still, though pretty doubtful, and in the issue liable to be dangerously disturbed, any difference which *did* exist between the prices of Baltic and English wheat was undeniably in favour of the first. *That* was notoriously the cheaper; if not, how should importation need any legal restraint? Here was the perplexity; but one moment cleared it up. It was a verbal *equivoque*. Mr Stoddart had pronounced the Baltic wheat by 5s. on a quarter ABOVE the English

rally, though not so frequently, as the idea of value in exchange. And, in any case of perplexity arising out of the term *value* employed absolutely, it may be well for the reader to examine closely if some such equivo-

wheat in value. Ay, but in *what* value? Did he mean value in exchange, value as expressed by the market price? On the contrary, he meant value in use. From the tenor of what follows, it is evident that he does not dispute the usual intervaluations of Baltic and English grain. He assumes that, in Poland, before it is loaded with a long list of expenses, the wheat would be very considerably cheaper than English wheat. Why, then, had he said that already in Poland it was *above* the English in value by 5s.? He meant that intrinsically, as a thing to be used, it was above the English; superior (1) in its capacity of being baked; or (2) in its capacity of being kept; or (3) in its capacity of yielding nutriment; or (4) in its flavour to the palate: in some one, or some two, or some three, or in all four of these advantages, he claims for it a superiority to the English: and, what must add to the reader's perplexity, he measures this superiority by money—meaning the 5s. (as one-eighth of 40s.) simply to indicate that the quality of Baltic wheat was superior in that precise ratio; better by a proportion answering to one-eighth part on any given quantity.

One single exemplification, drawn from a case of actual occurrence, is worth twenty which are artificially framed. And this decisive passage, from an excellent essay in a journal of high character, falling into my hands without search, at the very moment of writing the passage which it illustrates, seems effectual for the proof of what Mr Malthus thought next to impossible; viz. that men can and do, without any system to serve, naturally fall into this use of "*value*" as representing the mere serviceableness of an article quite apart from its exchange-rating in the market. Let the extreme importance of the subject, and the necessity of weighing every turn in the dispute, for one who comes after a world of failures with the promise of setting them all to rights, apologise for the length of this note.

cation does not in reality cause the whole demur. One moment's consideration will convince the student that the second form of value—viz. value in exchange—does not exclude the first form—value in use; for, on the contrary, the second form could not exist without presupposing the first. But, in the inverse case, the logic is different: value in use, where it exists antithetically to the other form, not only may but must exclude it.

This leads to another capital distinction:—Value in exchange is an idea constructed by superadding to the original element of serviceableness (or value in use) an accessory element of power [howsoever gained] to command an equivalent. It follows, therefore, that the original element, value in use, may be viewed in two states,—1st, as totally disengaged from the secondary element; 2dly, as *not* disengaged from that element, but as necessarily combining with it. In the second state we have seen that it takes the name of "*value in exchange*." What name does it take in the first state, where it is wholly disengaged from the power of purchasing? *Answer*—[and let the reader weigh this well]—it takes the name of "*wealth*."

Mr Ricardo was the first person who had the sagacity to see, that the idea of wealth was the true polar antagonist to the idea of value in exchange; and that, without this regulative idea, it is impossible to keep the logic of political economy true to its duties. This doctrine, so essentially novel, he first explained in his

celebrated chapter (numbered xviii. in his first edition) which bears for its title, "*Value and Riches; their distinctive Properties*." And in the early part of it he remarks most truly, that "many of the errors in political economy have arisen from errors on this subject, from considering an increase of riches and an increase of value as meaning the same thing." But it is singular enough, that even Ricardo did not consciously observe the exact coincidence of riches, under this new limitation of his own, with "value in use." This was an accident likely enough to arise under the absence of any positive occasion for directing his eye to that fact. It was, no doubt, a pure case of inadvertence. But there is the same sort of danger from holding two ideas radically identical to be different, or in opposition to each other, as there is from confounding two ideas radically opposed. Meantime, no chapter in Ricardo's book (with the single exception of the first) has been so much singled out for attack, or for special admiration,\* as this particular chapter which rectifies the idea of wealth. Even amongst the leading supporters of Ricardo, it will be seen further on, (in the brief commentary upon this eighteenth chapter,) that some have unconsciously surrendered it. Not

\* "*Special admiration*."—For example, Mr Prinsep, (in his translation of "Say's Political Economy,") a man of great acuteness and information, has noticed this eighteenth chapter of Ricardo as peculiarly profound; whilst, on the other hand, to the able author of "A Critical Dissertation on Value," to Mr Malthus, and to others, it is a mere scandal and rock of offence.

only have they been unaware of their own revolt, in this particular instance, from that theory which they had professed to adopt; but they have been equally unaware that, simultaneously with the collapse of this doctrine concerning wealth, collapses the entire doctrine of Ricardo concerning value; and if that basis should ever seriously be shaken, all the rest of Ricardo's system, being purely in the nature of a superstructure, must fall into ruins. These questions, however, with respect to the truth of particular doctrines, and their power to resist such assaults as have menaced them, will come forward by degrees, in proportion as their development ripens under our advance. For the present, my office is, not to defend them, but to state them, and to trace their logical deduction; by which word, borrowed from a case strictly analogous in the modern expositions of the civil law, I understand a process such as, by a more learned term, would be called a systematic "*genesis*" of any complex truth—the act, namely, of pursuing the growth which gradually carries that truth to its full expansion through all its movements, and showing of each separately how it arose, and in what change or movement of the principal idea, under what necessity supervening at that point, or on the suggestion of what occasional falling in with some other and kindred truth.

I have now traced the generic idea of "value," taken absolutely and without further limitation, into the two subordinate modes of, *1st*, Value resting exclusively on

a power to serve a purpose; and, *2d*, Of value resting on that power, but combined with the accessory power of commanding an equivalent—into value which *does* and value which does *not* involve the idea of property. The simpler mode of value I have announced to be identical with the Ricardian idea of *wealth*, and, under that head, it will come round for consideration in its proper place. But the other mode of value—viz. Exchange Value—which is far more important to political economy, being no longer a regulative but a constitutive idea,\* now steps naturally into the place, standing next in order for investigation; and I warn the young student that, at this point, he steps forward upon perilous ground, of which every inch is debatable. Here it is that the true struggle takes place, that unavoidable combat between principles originally hostile, which into every subsequent section carries forward its consequences, and which,

\* "*No longer regulative but constitutive.*"—This is a great distinction heretofore applied to great purposes by Kant; and a general reader might fancy reason for complaint in finding thus presupposed the knowledge of philosophy, which in England is but slightly extended. To presume any thing of the kind would indeed be eminently offensive, and an instance of affectation quite inconsistent with the simplicities of good sense. But in this case the two terms opposed almost explain themselves. As an example of a regulative idea, one might allege any idea of pure abstract geometry: for instance, the want of parts or partibility in a geometrical point; the absolute equality of all the radii drawn from a common centre; or, in philosophy, the assumption of an ideal man as a normal type, towards which we may conceive a perpetual tendency in the actual man of our experience—all these are *regulative* ideas.

upon *every* system past or to come, impresses that determinate character, exposes that determinate tendency or *clinamen*, eventually decisive of its pretensions.

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SECTION II.—VALUE IN EXCHANGE.

What is value in exchange? What is its foundation? Most remarkable it seems, that up to a certain point all systems of modern economy answer this question correctly; yet, after passing that point, that all are wrong. In the vast accumulation of books on this subject, English, French, or Italian, (for German books go for nothing here,) I have not met with one which sustains the truth to the end; whilst, on the other hand, it would be hardly less difficult to point out one which

Nobody pretends for a moment that a true and actual equality of the semidiameters ever was, or could be, realized; the hand does not exist that could draw such lines, nor the eye that could judge of them, *if* drawn. But what then? They are most useful—nay, they are indispensable as initial postulates for the guidance of the mind in developing other ideas; without them, although in themselves often fugitive, and never to be overtaken in practice, we could not advance at all. And such is the precise benefit from Ricardo's idea of "*wealth*," technically so called; it is an artificial idea, which, though inert, keeps in their proper places other ideas more tangible and constitutive. On the other hand, the counterpole of this idea—viz. Value in Exchange—enters largely, and as a constituent element, into all the cardinal ideas of political economy.

fails at the opening. Verbal inaccuracies might indeed be cited from all; for in an age of hasty reading, and of contempt for the whole machinery of scholastic distinctions, it cannot be expected that authors will spend much energy upon qualities which have ceased to be meritorious, upon nicety of distinction which perishes to the flying reader, or upon a jealous maintenance of consistency which, unless it were appreciated by severe study, could not benefit the writer. In this way, there arises at once a natural explanation of that carelessness in the mode of exposition which has every where disfigured the modern science of political economy.

Almost all writers have agreed substantially, and have rightly agreed, in founding exchangeable value upon two elements—power in the article valued to meet some natural desire or some casual purpose of man, in the first place, and, in the second place, upon difficulty of attainment. These two elements must meet, must come into combination, before any value in exchange can be established. They constitute the two co-ordinate conditions, of which, where either is absent, no value in the sense of exchange value can arise for a moment. Indeed, it is evident to common sense, that any article whatever, to obtain that artificial sort of value which is meant by exchange value, must begin by offering itself as a means to some desirable purpose; and secondly, that even though possessing incontestably this preliminary advantage, it will never ascend to an exchange



value in cases where it can be obtained gratuitously, and without effort—of which last terms both are necessary as limitations. For often it will happen that some desirable object may be obtained gratuitously; stoop, and you gather it at your feet: but still, because the continued iteration of this stooping exacts a laborious effort, very soon it is found, that to gather for yourself virtually is *not* gratuitous. In the vast forests of the Canadas, at intervals, wild strawberries may be gratuitously gathered by ship-loads; yet such is the exhaustion of a stooping posture, and of a labour so monotonous, that every body is soon glad to resign the service into mercenary hands.

The same idea, the same demand of a twofold *conditio sine qua non* as essential to the composition of an exchange value, is otherwise expressed (and in a shape better fitted for subsequent reference) by the two following cases, marked *Epsilon* and *Omicron* :—

*Case Epsilon*.—A man comes forward with his overture, “Here is a thing which I wish you to purchase; it has cost me in labour five guineas, and that is the price I ask.” “Very well,” you reply; “but tell me this, what desire or purpose of mine will the article promote?” Epsilon rejoins, “Why, as candour is my infirmity, none at all. But what of *that*? Useful or not, the article embodies five guineas’ worth of excellent labour.” This man, the candid Epsilon, you dismiss.

*Case Omicron*.—Him succeeds Omicron, who praises your decisive conduct as to the absurd family of the

Epsilons. “That man,” he observes, “is weak—candid, but weak; for what was the cost in your eyes but so much toil to no effect of real service? But *that* is what nobody can say of the article offered by myself; it is serviceable always—nay, often you will acknowledge it to be indispensable.” “What is it?” you demand. “Why simply, then, it is a pound of water, and as good water as ever you tasted.” The scene lies in England, where water bears no value except under that machinery of costly arrangements which delivers it as a permanent and guaranteed succession into the very chambers where it is to be used. Omicron accordingly receives permission to follow the candid Epsilon. Each has offered for sale one element of value out of two, one element in a state of insulation, where it was indispensable for any operative value, *i. e.* price, to offer the two in combination; and, without such a combination, it is impossible (neither does any economist deny this by his principles) that value in exchange, under the most romantic or imaginary circumstances, ever should be realized.

Thus far all is right; all is easy and all is harmonious;—thus far, no hair-splitter by profession can raise even a verbal quillet against so plain a movement of the understanding, unless it were by some such cavil as is stated below.\* It is in the next step that a difficulty

\* “*By such a cavil as is stated below.*”—When hay, for instance, is cited as an article uniting the two conditions laid down, and for that reason as obtaining exchangeable value, it might be alleged

arises, to all appearance insurmountable. It is a difficulty which seems, when stated, to include a metaphysical impossibility. You are required to do *that* which, under any statement, seems to exact a contradiction in terms. The demand is absolute and not to be evaded, for realizing an absurdity and extracting a positive existence out of a nonentity or a blank negation. To this next step, therefore, let us now proceed, after warning the reader that even Ricardo has not escaped the snare which is here spread for the understanding; and that, although a masculine good sense will generally escape in practice from merely logical perplexities, [that is, will cut the knot for all immediate results of practice which it cannot untie,] yet that errors "in the first intention" come round upon us in subsequent stages, unless they are met by their proper and commensurate solutions. Logic must be freed by logic: a false dialectical appearance of truth must be put down by the fullest exposure of the absolute and hidden truth, since also it will continually happen (as it *has* happened in

that hay meets no human desire, but only a bestial desire. True; and with a view *inter alia* to this particular form of cavil, I have enlarged the definition by saying "human desire or *purpose*." A man has no direct gratification from hay, but indirectly he may have a good deal. The hay may be nothing to the man who buys it; but his horse, who is a connoisseur in hay, may be indispensable to his daily happiness, or even to his safety; and that which in some proportion is essential to the desires of his horse, becomes secondarily a purpose to the man.

the present case,) though a plausible sophism, which had been summarily crushed for the moment by a strong appeal to general good sense upon the absurd consequences arising, will infallibly return upon us when no such startling consequences are at hand. Now, therefore, with this sense of the critical step which next awaits us, let us move forward.

The idea of value in exchange having thus been analytically decomposed, the question which offers itself next in order concerns the subdivision of this idea. How many modes are possible of value in exchange? The general answer is—two; and the answer is just: there *are* two. But how are these two distinguished? How is it that they arise? Now here it is, in the answer to this question, that an infirm logic has disturbed the truth. Even Ricardo has not escaped the universal error. Suspensory judgments are painful acts. It is fatiguing to most readers that a provisional view of the truth should be laid before them, upon which all the pains taken to appropriate and master it are by agreement to be finally found worthless. This refutation of error is better so placed as to *follow* the establishment of the truth, in which position the reader may either dismiss it unread, as a corollary which already he knows to be too much— as an off-shoot in excess; or, on the other hand, choosing to read it, will do so under the additional light obtained through the true doctrine now restored to its authority.

The difficulty which strikes us all upon the possibility

of raising any subdivision under that generic idea of exchange value already stated, is this:—The two elements are—1st, Intrinsic utility; 2d, Difficulty of attainment. But these elements must concur. They are not reciprocating or alternating ideas; they are not, to borrow a word from Coleridge, inter-repellent\* ideas, so that room might be made for a double set of exchange values, by supposing alternately each of the elements to be withdrawn, whilst the other element was left paramount. This is impossible; because, by the very terms of the analysis, each element is equally indispensable to the common idea which is the subject of division. Alike in either case, if No. 1, or if No. 2, should be dropped out of the composition, instantly the whole idea of exchange value falls to the ground like a punctured bladder.

\* "*Inter-repellent*."—The late Mr Coleridge suggested, and by his own example sanctioned, the use of the preposition *inter* for expressing cases of reciprocal action, or, in his language, of interaction. Thus the verb *interpenetrate*, when predicated of the substances A and B, implied that, by an equal action and reaction, each penetrated the other; to *interaid*, (though strictly a Latin preposition should not coalesce with a word not Latin,) would express the case where aid in different modes is lent by each of two parties interchangeably. The same complex function is sustained by the French prefix *s'entre*. But, even as a justifiable English usage, it may be found occasionally in Shakspeare; and much more frequently in Daniel, a writer of the same age, unusually meditative and philosophic, both in his prose and in his verse. The word *interview*, though now tamed into a lower cast of idea, originally arose upon this application of interchangeable or reciprocating actions.

But this seems to preclose the road to any possible subdivision of the generic idea, because immediately it occurs to the student, that when no element can be withdrawn, *then* it is not possible that the subdivisions can differ except as to degree. In one case of exchange value there might, for instance, be a little more of the element A, and a little less of the element B. In some other case these proportions might be reversed. But all this is nothing. When we subdivide the genus *animal*, we are able to do so by means of an element *not* common to the two subdivisions: we assign man as one subdivision—brutes as the other—by means of a great differential idea, the idea of rationality; consequential upon which are tears, laughter, and the capacity of religion. All these we deny to brutes; all these we claim for man; and thus are these two great sub-genera or species possible. But when all elements are equally present to both of the subdividing ideas, we cannot draw any bisecting line between them. The two ideas lie upon one continuous line—differing, therefore, as higher and lower, by more and by less, but not otherwise; and any subdividing barrier, wheresoever it is made to fall between them, must be drawn arbitrarily, without any reasonable foundation in real or essential differences.

These considerations are calculated to stagger us; and at this precise stage of the discussion I request the reader's most vigilant attention. We have all read of secret doors in great cities, so exquisitely dissembled by

art, that in what seemed a barren surface of dead wall, where even the eye forewarned could trace no vestige of a separation or of a line, simply, by a simultaneous pressure upon two remote points, suddenly and silently an opening was exposed which revealed a long perspective of retiring columns—architecture the most elaborate, where all had passed for one blank continuity of dead wall. Not less barren in promise—not less abrupt in its transition; this speculation at the very vestibule of political economy, at the point where most it had appeared to allow of no further advance or passage, suddenly opens and expands before an artifice of logic which almost impresses the feelings as a trick of legerdemain—not by any thing unsound in its own nature, but by the sudden kind of pantomime change which it effects. The demand is, that you shall subdivide exchange value into two separate modes. You are to do this without aid from any new idea that has arisen to vary the general idea; you are to work with the two already contained in that general idea—consequently with ideas that *must* be common to both the subdivisions, and yet you are to differentiate these subdivisions. Each is to be opposed to the other—each is to differ, and yet the elements assigned to you out of which this difference is to be created, are absolutely the same. Who can face such conditions as these?—Given a total identity, and out of that you are to create a difference.

Let not the reader complain of the copious way in

which the difficulty is exposed. After many hundreds of failures—after endless efforts with endless miscarriages, it is no time for refusing his own terms to the leader of a final assault. So many defeats have naturally made us all angry. I am angry—the reader is angry; and that offer is entitled to consideration, even though it should seem needlessly embarrassed or circuitous, which terminates in the one object that can be worth talking about—viz. in “doing the trick”—and carrying by a summary effort that obstacle which (whether observed or not observed) has so long thwarted the power of perfecting and integrating the theory of value. Once being convinced that it is a mere contradiction to solve the problem, the reader may be relied on for attending to any thing offered as a solution by one who has almost demonstrated its impossibility.

Out of nothing, nothing is generated. This is pretty old ontology; and apparently our case at present is of that nature; for by no Laputan process of extracting sunbeams from cucumbers, does it appear how we can hope, out of two samenesses, to extract one difference; yet, do it we must, or else farewell to the object before us. And, in order that we *may* do it, let us disembarass our problem of all superfluous words; and, by way of sharpening the eye to the point of assault, let us narrow it to the smallest possible area.

What we have to do, is to consider whether (and now) it is feasible so to use a sameness as to make it do the

office of a difference. With one single sameness this would peremptorily *not* be possible; for we could vary it no otherwise than by varying its degrees. Now, a difference in degrees is no substantial difference in logic; and the pretended subdivisions would melt and play into each other, so as to confound the attempt at sustaining any subdivisions at all. But, on the other hand, with two samenesses it is possible to move. A little reflection will show that there *is* a resource for making them alternately act as differences. In physics we see vast phenomena taking place all day long, which *à priori* might have been stated as paradoxes not less startling than that of extracting a difference out of a sameness. One gravity rises through another gravity. True; it is specifically lighter; but still it *has* a specific gravity: and thus we find as the result, with the usual astonishing simplicity of nature, that the same machinery serves for sinking objects and for raising them. By gravity they fall; by gravity they rise. So also, again, that same ocean, which to nations, populous and developed by civilization, offers the main high-road of intercourse, was to the same nations, when feeble, the great wall of separation and protection. And again, in the case before us, monstrous as really is the paradox,\* yet it is true, that, by a dex-

\* "*As really is the paradox.*"—Some readers will here admonish me to say—not "*is*" the paradox, but "*seems*" the paradox; or rather, they will require me to omit the word paradox altogether, under the prevailing notion that a paradox implies something really

terous management of two elements absolutely identical, all the effects and benefits may be obtained of two elements essentially different.

Let us look more closely. The two elements are U and D. If both elements are to be present, and both are to be operative, then indeed we have a contradiction in terms such as never will be overcome. But how if both be uniformly present, one only, being at any time operative? How if both be indispensably present, but alternately each become inert? How if both act as motives on the buyer for buying at all, but one only (each in turn

extravagant, and something eventually hostile to the truth. In these circumstances it will scarcely be sufficient for me to remind them of the original Grecian meaning attached to this word, which implied no more than what was off-lying from the high-road of popular opinion, or what contradicted the tenor of popular expectation—all which might surely be found in some great truth as well as in some notorious falsehood. The objector will retort upon me, that the original Grecian use may have been effectually disturbed and defeated by a long and steady English abuse. Meantime the fact is, that the original sense of the *paradoxical* has maintained itself not less in our language than in the ancient Greek. I remember once to have placed this under a clear light by the following antithetic form of words:—"Not *that* is paradoxical, or not that chiefly, which, being false, puts on the semblance of truth; but, on the contrary, that which, being true, puts on the semblance of falsehood." Therefore it was that Boyle most accurately entitled some striking cases in statical physics, *Hydrostatical Paradoxes*. Did he mean to advertise these startling facts of science as splendid falsehoods? No, but as great truths, which counterfeited the extravagant.

under its own circumstances) as a force operating on the price?

This is the real case: this is the true solution; and thus is a difference obtained—such a difference as will amply sustain a twofold subdivision from elements substantially the same. Both are co-present, and always. Neither *can* be absent; for, if so, then the common idea of exchange value would vanish, the case *epsilon* or the case *omicron* would be realized. But each of the two is suspended alternately. Thus, by way of illustration, walk into almost any possible shop, buy the first article you see; what will determine its price? In ninety-nine cases of a hundred, simply the element *D*—difficulty of attainment. The other element, *U*, or intrinsic utility, will be perfectly inoperative. Let the thing (measured by its uses) be, for your purposes, worth ten guineas, so that you would rather give ten guineas than lose it; yet, if the difficulty of producing it be only worth one guinea, one guinea is the price which it will bear. But still not the less, though *U* is inoperative, can *U* be supposed absent? By no possibility; for, if it *had* been absent, assuredly you would not have bought the article even at the lowest price: *U* acts upon *you*, though it does not act upon the price. On the other hand, in the hundredth case, we will suppose the circumstances reversed. You are on Lake Superior in a steam-boat, making your way to an unsettled region 800 miles ahead of civilization,

and consciously with no chance at all of purchasing any luxury whatsoever, little luxury or big luxury, for a space of ten years to come: one fellow-passenger, whom you will part with before sunset, has a powerful musical snuff-box; knowing by experience the power of such a toy over your own feelings, the magic with which at times it lulls your agitations of mind, you are vehemently desirous to purchase it. In the hour of leaving London you had forgot to do so: here is a final chance. But the owner, aware of your situation not less than yourself, is determined to operate by a strain pushed to the very uttermost upon *U*, upon the intrinsic worth of the article in your individual estimate for your individual purposes. He will not hear of *D* as any controlling power or mitigating agency in the case: and finally, although at six guineas\* a-piece in London or Paris, you might

\* "Six guineas."—It is not a matter of much importance in a case which concerns us only by its principle, and where the principle would remain unaffected by any variation in the factual circumstances, what might be the price of a hypothetical snuff-box, in the hands of a hypothetical Jew, on the deck of a hypothetical steam-boat. However, as a case within my own experience, it may be interesting to state the *known* extremes of price upon this class of trinkets. At present (1843) such boxes, coarsely mounted, (in horn or mock tortoise-shell) are offered in London for one guinea a-piece. Each box contains only two airs, which condition applies often indeed to boxes of seven, eight, or nine times the price; and a more important feature of inferiority lies in the slender volume of sound which the cheap ones emit. In a small room the music is sweet and sonorous, with the mimicry of an orchestric fulness; but, unless confined and concentrated, its power is too much on a miniature

have loaded a waggon with such boxes, you pay sixty rather than lose it when the last knell of the clock has sounded, which summons you to buy now or to forfeit for ever. Here, as before, only one element is operative: before it was *D*, now it is *U*. But, after all, *D* was not absent, though inoperative. The inertness of *D* allowed *U* to put forth its total effect. The practical compression of *D* being withdrawn, *U* springs up like water in a pump when released from the pressure of air. Yet still

scale. On the other hand, in the opposite extreme, about twenty-seven years ago, I had an opportunity of seeing (or, more appropriately, of hearing) a musical snuff-box, which had cost a thousand guineas. Inclosing a much profounder compass of harmonies, unavoidably it was inconveniently large; that was its fault: and perhaps fifty guineas of the price might have been spent on the mounting, which was of gold ornamented. The interest of this toy lay in its history. Like a famous sword in the elder days of paganism, which gave occasion to the Greek proverb, *τα δώρα των πολεμιων αδωρα*, *bootless are the gifts of enemies*—or like a more famous horse in days a little later, both of which carried death and ruin through a long series of owners, this trinket was supposed to have caught in a fatal net of calamity all those whom it reached as proprietors. The box was a twin box (same time of making, same maker, same price) with one presented as a bribe to Napoleon. Amongst those who had once possessed it was a Jew—not our Jew on Lake Superior—but another of London and Amsterdam, vulgarly reputed of immense wealth, who died unhappily. Him slightly I knew, and valued his acquaintance, for he had known intimately, and admired, as “the foremost man of all this earth,” Lord Nelson; and it illustrates the fervour of his veneration, that always on reaching a certain point in Parliament Street he used to raise his hat, and bowed as to some shadowy presence, in memory that there for the last time he had met the great admiral on the day next but one before he left

that *D* was present to your thoughts, though the price was otherwise regulated, is evident; both because *U* and *D* must co-exist in order to found any case of exchange value whatever, and because undeniably you take into very particular consideration this *D*, the extreme difficulty of attainment, (which here is the greatest possible, viz. an impossibility,) before you consent to have the price racked up to *U*. The special *D* has vanished; but it is replaced in your thoughts by an unlimited *D*. Un-

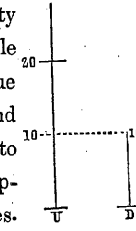
London for ever; viz. in the brief interspace between his return to Portsmouth from chasing the French fleet to the West Indies, and his sailing to take the command off Cadiz. To Lord Nelson this perilous snuff-box had been offered repeatedly as an expression of idolatrous affection; but as the fatal legend connected with it had not been concealed, Lord Nelson laughingly declined the gift. To laugh was inevitable in our age of weak faith for such superstitions; but as a sailor, who is generally credulous in such matters, and, if at all a man of feeling, must be so, considering the many invitations to superstition connected with that world of solitary wildernesses through which he roams for ever, Lord Nelson was almost confessedly afraid of the box. Indeed, at that stage of its history, the owner would have found as much difficulty in transferring what he called his “pocket consoler,” as the man who owned the bottle imp, in ridding himself of that little pestilent persecutor. Here, however, so far as my own knowledge has extended, lay the higher extreme of costliness for such an article—one thousand guineas; whilst the lower extreme, in a tin or horn case, is offered, as I have said, for one guinea. But in the East Indies, amongst the native princes, such trinkets are found in abundance, and some perhaps even of higher value—musical clocks by the score, all chiming at once; and musical snuff-boxes by the hundred. They are naturally of European workmanship, as is perceived at once by the choice of the music.

doubtedly you have submitted to  $u$  in extremity as the regulating force of the price; but it was under the sense of  $D$ 's latent presence. Yet  $D$  is so far from exerting any positive force, that the retirement of  $D$  from all agency whatever on the price—this it is which creates, as it were, a perfect vacuum, and through that vacuum  $u$  rushes up to its highest and ultimate graduation.

This is the foundation of any true solution applied to the difficulty of subdividing exchange value; and this statement of the case is open to a symbolical expression of its principle; which principle, let the reader not forget, is,—that, under an eternal co-presence of two forces equally indispensable to the possibility of any exchange value at all, one only of those forces (and each alternately, as the ultimate circumstances take effect) governs and becomes operative in the price. Both must concur to raise any motive for purchasing; but one separately it is which rules the price. Let not the reader quarrel beforehand with illustrations by geometrical symbols; the use which will be made of them is not of a kind to justify any jealousies of a surreptitious logic. It is a logic in applying which we abstract altogether from the qualities of objects, and consider them only in so far as they are liable to the affection of more and less. Simply the most elementary of geometrical ideas will be used; and the object is this—sometimes to render the student's apprehension of the case more definite, but sometimes, also, to show him that the same difficulty, or one ana-

logous, might arise and be representable in the austere simplicities of geometry; in which case, by parity of argument, the explanation of the difficulty as represented in space will become inversely the explanation for the original difficulty.

Here the line  $u$  represents the utility value to the purchaser of any article whatever; that is, the very ultimate value to which, by possibility, it could ascend in the case that a screw were made to operate upon the purchaser's secret appreciation of its serviceable qualities.



But in ordinary circumstances this cannot happen; and under such ordinary circumstances, what will be the price? It will be the price determined by  $D$ —(difficulty of attainment)—and this difficulty is expressed by the line  $D$ . But mark how it acts. From the summit of the line  $D$ , standing on the same base as  $u$ , draw at right angles the dotted line which cuts  $u$ ; that is to say,  $D$ , which is at present the operative force. The true determining force as regards the price, takes up from  $u$  precisely as much (and no more at any time) as corresponds to itself.  $D$  is, in this case, the true and sole operating force.  $u$ , which must indeed be co-present, (because else the purchaser would *not* be a purchaser, he would have no motive for purchasing—case *epsilon*.) yet, for all that, is inert *quoad* the price; itself submits to an action of  $D$ , but it exerts none, it reflects none the very smallest.



Now, suppose the case reversed : suppose not  $D$ , but  $U$ , to become suddenly the ruling force,  $D$  has become infinite, (as in the case of the musical toy in Canada,) that is, the difficulties in the way of supplying the market by a continued reproduction of the article (in one word, the resistance) must be supposed so vast as to be quite beyond the power of any individual to overcome. Instantly, under these circumstances,  $U$  springs up to its utmost height. But what *is* the utmost? Because  $D$ , by ceasing to be finite and measurable, has caused  $U$  to come into play — will  $U$  therefore follow  $D$ , so as also to become infinite? Not at all: once called into action as the operating principle,  $U$  will become the sole principle;  $D$  will be practically extinct for any action that it can exert upon the price. The rare holders of the article, as surviving from past times or regions now inaccessibly distant, will fix a strain upon the few purchasers by means of the intrinsic or  $U$  value; each of the candidates must submit to see his own outside or extreme esteem for the article made operative against himself as the law of the price. He must ascend to the very *maximum* of what he will pay, under the known alternative of losing the article for ever if he will *not* pay it.  $U$  is therefore governed by no recollection of the past  $D$ , by no consideration of the present unlimited  $D$ ,\* but simply thrown back upon its

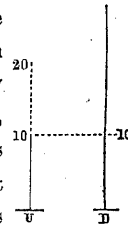
\* "By no consideration of the present  $D$ ."—*i. e.* in the appreciation which is thrown entirely upon  $U$ ; but otherwise, in submitting to have the price thrown upon  $U$ —in submitting to purchase at all

own potential force; *i. e.* upon each purchaser's appreciation of the article for his own purposes—which can have *no* connexion whatever with the  $D$ , or variable resistance to the reproduction of that article in any particular place or time. If you submit to pay £30 of income tax, doubtless the power of the state determines the general result of your paying at all; but it is not *that* which determines the how much: this is a mixed result from the Exchequer ratio on the one hand, and the amount of your income on the other.

And that this is really so, that both  $U$  and  $D$ , under the alternate circumstances, will become passive—latent, nugatory, as regards the price—may be shown *ex abundanti*; viz. by showing that under any possible changes, either to  $U$  or to  $D$ , no beginning—no initial moment—of action will arise for the one, so long as the other is operative. Figure to yourself, as the object concerned in such a valuation, some powerful drug. Suppose it the Peruvian or Jesuit's bark, and that suddenly, by applying to it the agency of sulphuric acid, some new product (the sulphate of this foreign bark) arises with prodigiously greater powers—not only greater by far, when applied to the common cases open equally to the old medicine and the new, but also, in another respect, greater; viz. that it is applicable to a set of cases from which the old medicine, by its bulk, or by its tendency at a price so vastly exalted, doubtless he is governed by the existing  $D$  as a negative condition.

to febrile symptoms, had found itself excluded—suppose under this enlarged power, for the basis of the medicine, that the line  $u$ , expressing its utility value, should run up to triple or decuple of its present altitude, would that change disturb the present appreciation under  $D$ ? Not by an iota. Nay, to press the principle to an excess, suppose  $u$  to become infinite—still, in all the cases where  $D$  is at all the regulative force,  $D$  will continue even under this change to be the sole force. Nay, suppose that, even concurrently with this increase to  $u$ — $D$ , by some cheaper or briefer process for obtaining the sulphate, should descend; still, even in such a compound case, (vast increase for  $u$ —sudden decrease for  $D$ ,) not the less,  $u$  would still continue inert—potentially capable, under the proper circumstances, of exerting an action which might centuple the price, and pitted against a decreasing force in  $D$ ; nevertheless, so long as  $u$  was not in circumstances to exert the whole action, it could exert none at all; so long as  $D$  exerted any force, it would exert the whole.

In the opposite case, where  $u$ , or the utility value, is suddenly called into action as the controlling force, it will generally be found that this force, in its extremity, has not only been latent previously as regards any effect upon the price, but latent as regards even the consciousness  $u$   $D$  of the individual appreciator. This we saw in the



case of the musical toy on the Canadian lake. The buyer had not, until a certain moment, been aware of the potential  $u$  which really existed to his own contingent appreciation. No necessity had ever arisen that he should enquire rigorously how much he would submit to give in the case of  $u$  becoming the operative force. So much of  $u$  as was requisite to sustain  $D$ , so much as corresponded to  $D$ , had always been within the consciousness of the purchaser; and how much further it was capable of ascending, had been hitherto a mere question of useless curiosity. But when a sudden and violent revolution in all the circumstances has arisen for the purchaser, when  $D$  is felt to have become infinite, the difficulty of obtaining the article (except by one sole anomalous chance) being now greater than any *finite* expression could measure,—What follows? Does the price become infinite, as it would do if it were supposed at all to follow  $D$ ? No; but  $D$ , though vexatiously present to the calculations of the purchaser, is no longer operative: it has become silent; and the alternate force  $u$  (now when the case has taken effect, that either  $u$  screwed up to its maximum must rule, or else the article must be lost) instantly steps into the place of  $D$ , and becomes *exclusively* operative. The dotted perpendicular line represents the sudden ascent of  $u$  to double of its preceding altitude. How much further it would ascend, must depend entirely upon the feeling and taste of the individual as regulating his wishes, and upon his disposable money as regulating his power.

Now, under this symbolic expression we may see at once the hyperbolic extravagance of that notion which has so often been cited with praise from Adam Smith, as though an object might be very great by its capacity in respect of  $D$ , and yet very little (or indeed nothing) by its capacity in respect of  $U$ . Diamonds, it is asserted, are trivial in respect of  $U$ , but enormously high on the scale measured by  $D$ . This is a blank impossibility. The mistake arises under a total misconception of what  $U$  indicates, as will be shown in a succeeding section. The countervailing proposition in Adam Smith, viz. that other and ordinary objects, such as water, may reverse these conditions, being trivial in respect of  $D$ , but vast in respect of  $U$ , is also false; false in the mode and principle of valuation. But this latter proposition is false only in fact; it is, at the same time, a very conceivable case: whereas the former proposition is false as to the very ideal possibility—it is inconceivable and monstrous.  $U$  may outrun  $D$  in any extent; and generally *does* so to some extent. It is rare that the whole potential utility value is exhausted by the cost or difficulty value. But the inverse case is monstrous:  $D$  can never outrun  $U$  by the most fractional increment. A man who would, in a case of necessity, give fifty guineas for an article rather than absolutely miss it, may habitually buy it for no more than three, simply because such is the price as squared to the scale of  $D$ . But it is impossible that a man, valuing the article (under the very ultimate pressure of  $U$ ) at eight guineas,

should consent to give twelve, because  $D$  could not be overcome for less.

This latter part of the present section, viz. the symbolic illustration of the principles which control exchange value, may seem to the reader too long. Perhaps it is so; but he cannot pronounce it positively “*de trop*,” for it enforces and explains this law, viz. that the two eternally co-present forces, essential to the idea of exchange, nevertheless govern alternately one by one—each alternately becoming inert, and neither modifying the other by the smallest fraction, when that “other” is raised by circumstances into the true controlling principle. Now, this explanation never can be held useless, so long as it shall be remembered that Adam Smith, in a passage not seldom cited as a proper basis for a whole system of dependant political economy, has absolutely declared it possible for a man to pay, by any assignable sum, a greater price for a commodity than that same man conceives its uttermost intrinsic value to justify: he will give more than the *maximum* which he *would* give. Not by one iota less extravagant is the proposition fairly deducible from his words. Diamonds have no  $U$  value, he assures us—no use, (which is the one sole ground upon which, at any price, a man buys any thing at all;) and yet, because the  $D$  value is great, in spite of this “no use,” many a man will give an enormous price for diamonds: which proposition is a fierce impossibility. And although, as will be seen in the proper section, the word “use” is here employed most abusively, and in a sense

unphilosophically limited; yet in the same proportion by which this distinction, as to the word "use," will redress some of the extravagant consequences deducible from the Smithian doctrine—in that same proportion will the famous antithesis upon diamonds and water, from which these consequences flow, vanish like a vapour; and thus will become available (against a party not within that writer's contemplation) a remark made by the critical dissertationist on value, (as well as by the late Mr Coleridge,) viz. that oftentimes these plausible paradoxes on that side which offers any brilliancy, will be found quite unsustainable; whilst on that side which can be sustained, they will be found empty truisms—brilliant so far as they throw up a novel falsehood; but where they reverberate a truth, utterly without either novelty or force. This remark was leveled by the dissertationist at others—chiefly (I believe) at Ricardo; but there is a luxury in seeing the engineer of so keen a truth, either in his own person, or that of his friends, "hoist by his own petard."

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### SECTION III.—ON THE TRUE RELATIONS IN LOGIC OF THE EXPRESSIONS U AND D.

THERE is no one manifestation of imbecile logic more frequent, than the disposition to find in all controversies merely *verbal* disputes. Very early in life I came to be aware that this compendious mode of dismissing weighty questions—by alleging, that in fact they seemed rather

to offer a dispute about words, than about things—had been always one regular and conscious resource of cant with the feeble and the indolent. And amongst the first conclusions, drawn from my own reading experience, was this, that for one known dispute seeming to concern things, but ultimately evaporating in verbal cavils, (supposing even *that one* to exist in any recorded form,) there might be cited many hundreds of disputes which seemed, or had been declared, to be verbal; whilst, by all their consequences, they set in violently towards things.\* The tendencies of men are altogether towards that error. In private companies, where the tone of society is so underbred as to allow of two people annoying the rest by disputation—such things as verbal disputes may pos-

\* This remark, made by myself in a spirit of youthful scorn for shallow thinkers, I shall not complain on finding imputed to others. Some years after, I met with it in one of the smaller philosophic essays, varying so much in merit, of Immanuel Kant. Fortunately it is of little consequence who first uttered a weighty truth: it is of the greatest, that every truth be received for what it really is. The very feeblest amongst the "sons of the feeble" must be roused to the sense that they are canting, when they find themselves challenged to the proof that ever any dispute, that so much as one, which in any generation could be said properly to have existed by any test of books produced, or passions excited, has turned at all upon words. And the daily experience in society, that all distinctions difficult to manage or to appraise, are pronounced to be "*more verbal than real*," should open our eyes to the true origin of such pretences; they are the desperate resource of conscious weakness—the readiest evasion of a conflict for which the disputant feels that he has no strength and no preparation.

sibly occur; but in public, where men dispute by the pen, or under ceremonial restraints, giving time for consideration, and often with large consequences awaiting the issue—such follies are out of the question: the strong natural instinct attached to the true and substantial, the practical results at hand, and the delays interposed for reflection, bar all opening to such visionary cases—possibilities indeed *in rerum natura*, but which no man has ever witnessed; and accordingly at this hour, throughout all our vast European libraries, no man can lay his hand upon one solitary book which argues a verbal question as if it were a real one, or contends for a verbal issue.\*

The same capital mistake of false logic, mistaking its own greatest imbecility for conspicuous strength, has often alighted upon changes in terminology, or upon

\* Every man knows to what quarter the apologist for the cry of verbal disputes will address himself, viz. to the schoolmen; and, if we were to believe Locke, or many another of the same unsubtilising understanding, whose propensities to the tangible and the ponderable were a guarantee that they had never looked into such books, naturally we must suppose the whole vast product from those looms to be one tissue of moonshine and verbalism. Now, it is no part of my intention in this place to undertake a defence of the scholastic philosophy. But one error I must remark, as tending to sustain that delusive judgment on the schoolmen. It is popularly imagined that the scholastic philosophy was proved to be false in the decisive collision with another philosophy, more sound and practical; a regular conflict (it is imagined) came on between the two, and the issue was, that the one triumphed, while the other retired into obscurity. This is not true. The scholastic philoso-

technical improvements of classification, as being in virtue no more than verbal changes. Here, again, we find Kant, though not the man meant by nature for clearing up delusions in the popular understanding, rightly contending that, in the science of algebra for instance, to impose new denominations was often enough to reveal new relations which previously had not been suspected. In reality, we might go much further; and of some changes in algebraic terminology, (as particularly the invention of negative exponents,) I should say, that they had a value which could be adequately expressed only by such an analogy as might be drawn from the completion of a galvanic circle, where previously it had been interrupted. Not merely an addition of new power, but the ratification of all the previous powers yet inchoate, had been the result. It was impossible to use adequately

phy decayed simply because the scholastic divinity, to which it had been applied, and *for* which it had been originally created, was a Popish divinity. Thence came the first shock; and, after the Reformation, even the Papal Church was thrown upon such tactics and arms—not as might be the best in a court of philosophy, but which could meet and parry the new practical and popular warfare of their opponents. Losing its *professional* use, scholasticism lost its main functions and occupation. The case was precisely as if special pleading were suddenly abolished in England by law. In one day the whole subtleties of that science would perish; but it would not therefore have been undermined in its pretensions, nor shown to be less than an exquisite system of casuistry, and a most elaborate machinery for keeping law up to the level of civilization.

the initial powers of the science, until others had been added which distributed the force through the entire cycle of resistances.

In the present case, although the reader may fancy that such excessive solicitude for planting the great distinctions of value upon a true basis, is not likely to reap any corresponding harvest of results in subsequent stages of the science, further experience will satisfy him, that in all cases of dispute already existing, with the exception only of such as are still waiting for facts, and in all cases of efforts for the future progress of the science, it is really the ancient confusion overhanging this difficult theme of value which has been, or which will be, the sole retarding force. The question of value is that into which every problem finally resolves itself; the appeal comes back to that tribunal, and for that tribunal no sufficient code of law has been yet matured which makes it equal to the calls upon its arbitration. It is a great aggravation of the other difficulties in the science of Economy, that the most metaphysical part comes first. A German philosopher, who in that instance was aiming at any thing but truth, yet with some momentary show of truth, once observed, with respect to the catechism of our English Church, that it was the most metaphysical of books in a case which required the simplest. "I," said he, "with all my philosophy, cannot swim where these infants are to wade." For my own part, I utterly deny his inference. To be simple, to

be easy of comprehension, is but the second condition for a good elementary statement of Christian belief—the first is, to be faithful. There is no necessity that all things should be at the earliest stage understood—in part they will never be understood in a human state, because they relate to what is infinite for an intellect which is finite. But there is a high necessity that, early in life, those distinctions should be planted which foreclose the mind, by a battery of prejudication and prepossession, against other interpretations, having, perhaps, the show of intelligibility, but terminating in falsehood, which means contradiction to Scripture. Now the condition of political economy is in this point analogous. Left to our own choice, naturally, none of us could wish to commence with what is most of all subtle, metaphysical, and perplexing. But no choice is allowed. Make a beginning at any other point, and the first explanation you attempt will be found to pre-suppose and involve all that you are attempting to evade; and in such a case, after every attempt to narrow the immediate question into a mere occasional skirmish, you will find yourself obliged to bring on the general conflict, under the great disadvantage of being already engaged with a separate question—that is, on the most embarrassed ground you could possibly have selected. The great conflict, the main struggle, comes on at the very opening of the field; and simply because *that* is too hastily and insufficiently fought out, are all students forced, at one point or other,

to retrace their steps—nay, simply from that cause, and no other, it is possible at this day to affirm with truth, that, amongst many other strange results, no statesman in our British senate, and no leading critical review, has escaped that error in particular, that grossest and largest of errors, which is exposed in the 4th chapter upon market value. It is because men are impatient of the preliminary cares, efforts, and cautions, such as unavoidably they submit to in mathematics, that upon what is known in Economy there is perpetual uncertainty, and for any inroads into what is yet unknown, perpetual insecurity.

The object of this section is, to obtain a better, a more philosophic, and a more significant expression for the two modes of exchange value than those of  $U$  and  $D$ , employed hitherto; and, at the same time, to explode the expressions adopted by previous writers, as founded upon a false view of their relations.

In any exchange value whatsoever, it has been agreed by all parties, that both  $U$  and  $D$  must be present: there must be a real utility or serviceableness before a man will submit to be affected by  $D$ —*i. e.*, before he will pay a price adjusted to the difficulty of attainment; and, *versâ vice*, there must be this real difficulty of attainment before the simple fact of utility in the object will dispose him to pay for it, not by  $D$  in particular, but by any thing at all. Now, though this is indispensable, yet, in the preceding section, it has been shown that, whilst both

alike are present, one only governs. And a capital error has been in fancying that value in use (value derived from  $U$ ) is necessarily opposed to value in exchange; whereas, being one horn of the two into which value in exchange divides, as often as the value in use becomes operative at all, it does itself become—it constitutes—value in exchange, and is no longer co-ordinate to exchange value, (in which case it is wealth,) but subordinate; one subdivision of exchange value.

Now, then, having shown, under two different sets of circumstances, the one element and the other will with equal certainty take effect and become dominant, I will request the student to consider what, after all, is the true, sole, and unvarying consideration which acts upon the mind of the purchaser in the first intention of wishing to possess. As regards the price, what acts is alternately  $U$  and  $D$ ; sometimes one, sometimes the other. But not so with regard to the general purpose of buying. Here only one thing acts. No man ever conceived the intention of buying upon any consideration of the difficulty and expense which attend the production of an article. He wishes to possess, he resolves to buy, not on account of these obstacles—far from it—but in spite of them. What acts as the positive and sole attraction to him, is the intrinsic serviceableness of the article towards some purpose of his own. The other element may happen to affect the price, and, generally speaking, *does* affect it as the sole regulating force, but it can never enter

From Utility

As

at all into the original motive for seeking to possess the article; uniformly, it is viewed in the light of a pure resistance to that desire.

Here, then, present themselves two reasonable designations for supplanting *v* and *D*, which are far better—as being, 1st, in true logical opposition; and 2dly, as pointing severally each to its own origin and nature: *v* may be called *affirmative*, *D* *negative*. The latter represents the whole resistance to your possession of the commodity concerned; the former represents the whole benefit, the whole positive advantage, the whole power accruing to you from possession of this commodity. There is always an affirmative value, there is always a negative value, on any commodity bearing an exchange value—that is, on any which can enter a market; but one only of these values takes effect at one time—under certain circumstances the affirmative value; under other and more ordinary circumstances, the negative. And, accordingly, as one or other becomes operative, as it ceases to be latent and rises into the effectual force, we may say of it, that it has passed into the corresponding price; affirmative value into affirmative price, negative value into negative price. For price is value ratified or made effectual—the potential raised into the actual.

Many years ago, in a slight and unfinished sketch of what is most peculiar to Ricardo, (bearing the title of “The Templar’s Dialogues,”) I made it my business to show that a general confusion had pervaded Political Economy

between two cardinal ideas—a *measure* of value, and a *ground* of value; that no writer within my knowledge had escaped this confusion; that the former idea was demonstrably a chimera, an *ens rationis*, which never could be realized; that, except in one instance,\* (viz. when needed as a test of the variations, whether real or only apparent, between successive stages of a paper currency,) no practical benefit would be derived from the realization of such a measure; whereas, on the other hand, a *ground* of value is so indispensable an idea, that without it not one step can be taken in advance.

The author of “A Critical Dissertation on Value,” who does me much honour in saying (p. xxv. of Preface) that this little sketch of mine it was which “first suggested” his own work, gives two different opinions in the same page (p. 171) as to the original delivery of this broad distinction. In the text he says, “the author of the ‘Templar’s Dialogues on Political Economy’ is the

\* “*Except in one instance.*”—Whether I remembered to make this exception, it is out of my power to say positively, having no copy of the little sketch in question; but certainly I ought to have made it. At this moment there are men of great ability who believe that the whole relief from the war taxation of 1814 and 1815 now accumulated, (say in round numbers the difference annually between eighty and fifty millions sterling,) is made nugatory by an alleged rise in the value of money, as contrasted with the supposed depreciation (so eternally asserted) upon the national currency during the seven last years of the great war. What the tax-payer has gained by the relief, he has lost in the higher value of what he continues to pay. Such is the allegation.



only writer who appears to me to have been fully aware of this confusion of two separate and distinct ideas. He traces it partly to an ambiguity in the word *determine*." But in a foot-note on this same sentence he thus corrects himself:—"This was written before I had seen the second edition of Mr Mill's 'Elements,' in which the distinction is for the first time introduced. His language on the point, however, is not uniformly consistent, as will be shown in the next chapter." I apprehend that, if any such distinction has been any where insisted upon *consciously* by Mr Mill, it will be difficult to establish a priority for *him*. The fragment called "The Templar's Dialogues" was written at the end of 1821, and, to the best of my recollection, printed in the spring of 1822. Having never seen any edition whatsoever of Mr Mill's "Elements" until this present return to the subject, (spring of 1843,) I obtained a copy from a public library. This happens to be the first edition, (which is clear from the fact, that no attempt occurs in this work at any distinction whatever between a "measure" and a "ground" of value;) and this bears the date of 1821 upon the title-page. It seems probable, therefore, that the date of the second edition would be, at the earliest, 1822—a question, however, which I have no means of deciding. But, be that as it may, two facts seem to discredit such a claim: 1st, that Mr Mill, at p. iv. of the Preface, says, "I profess to have made no discovery;" whereas, beyond all doubt, a distinction which exposes suddenly a vast confusion of thought affecting the great mob of

books upon this subject, is a discovery, and of very extensive use. 2dly, it turns out, from a charge alleged at p. 204, by the Dissertator on value, that Mr Mill "confounds the *standard* with the *cause* of value." I understand him to mean, not that constructively Mr Mill confounds these ideas, not that such a confusion can be extorted from his words though against his intention, but that formally and avowedly he insists on the identity of the two ideas. If so, there is an end of the question at once; for "a standard of value" is but a variety of the phrase "*measure* of value." The one, according to a scholastic distinction, (most beneficially revived by Leibnitz,) is a mere *principium cognoscendi*; the other (a *ground* of value) is a *principium essendi*.\* What qualifies an ob-

\* Both of these *principia* (the *esse* and the *scire*) meet and are confounded in our word "*determine*." This was a former remark of my own in the "Templar's Dialogues," which I am enabled to quote indirectly through a quotation from that little sketch, made at p. 171, by the Dissertator on Value:—"The word *determine* may be taken subjectively for what determines x in relation to our knowledge, or objectively for what determines x in relation to itself. Thus, if I were to ask, what determined the length of the race-course?—and the answer were, 'the convenience of the spectators,' or 'the choice of the subscribers,' then it is plain that by the word *determined* I was understood to mean *determined objectively*, in relation to the existence of the object; in other words, what *caused* the race-course to be this length rather than another length. But, if the answer were, *an actual admeasurement*, it would then be plain that by the word *determined* I had been understood to mean *determined subjectively*—i. e., in relation to our knowledge—what ascertained it."

Thus, again; it may be said, in one sense, that men determined

ject to be a standard of value—that is, to *stand* still when all other objects are moving, and thus by consequence qualifies it to measure all changes of value between any two objects, showing, as on a delicate scale, how much of the change has belonged to the one object, how much to the other, or whether either has been stationary: this is a thing which we shall never learn; because no such qualification can arise for *any* object—none can be privileged from change affecting itself. And, if liable to change itself, we need not quote Aristotle's remark on the Lesbian rule, to prove that it can never measure the changes in other objects. A measure of value is there-

the exact length of a degree in latitude, that is, of the interspace divided by 90 between either pole of our earth and its equator. But this is merely the *ratio cognoscendi*. Men determined it in the sense of rigorously measuring it. But the length of a degree could be determined causatively (in the sense of first establishing such a quantity) by no power less than that which could first form a planet having the shape of an oblate spheroid, combined with such and such dimensions, arising out of an axis about seven thousand miles long. This is the *ratio essendi*.

How necessary it is that this great distinction should be recalled, might be exemplified by a large volume of cases where the failure of philosophic attempts has been due exclusively to its neglect. A greater failure, for example, there cannot be than in Paley's Moral Philosophy as to its grounds, and in Lord Shaftesbury's Doctrine of Ridicule as a Criterion of Truth. But, in both cases, the true vice of the theories lay in this common confusion between the two *rationes*—the *ratio essendi*, (accounting causatively for the existence)—the *ratio cognoscendi*, (accounting in the way of proof for the certainty of the knowledge.) As regards the doctrine of value, such a distinction was at this point indispensable.

fore not by accident impossible, but impossible by the very constitution of its idea; precisely as the principle of perpetual motion is not accidentally impossible, (by failure of all efforts yet made to discover it,) but essentially impossible so long as this truth remains in force—that it is impossible to propagate motion without loss. On the other hand, to seek for the cause or ground of value is not only no visionary quest, speculatively impossible and practically offering little use, but is a *sine quid non* condition for advancing by a single step in political economy. Every thing that enters a market we find to have some value or other. Every thing in every case is known to be isodynamic with some fraction, some multiple, or some certain proportion, of every thing else. For this universal scale of relations, for this vast table of equations, between all commodities concerned in human traffic, a ground, a sufficient reason, must exist. What is it? Upon examination it is found that there are two grounds, because there are two separate modes of exchange value, for which I have deduced, as the adequate designations, the antithetic terms *affirmative* and *negative*. And if the reader will look forward to Section IV., which arrays before him a considerable list of cases under each form, he will perceive, (what in fact is my object in exposing those cases,) simultaneously, a proof of the necessity that such cases should exist, and an illustration of the particular circumstances under which each arises. But first, and before all other remarks

which he will be likely to make on this *casus*—this two-headed system of cases, I anticipate the remark which follows; viz. that, such and so broad being the distinction between this double system of cases, it is not possible that former economists should have overlooked it. "Under some name or other," he will say, "I am satisfied that these distinctions must have been recognised." He will be right. The distinction *has* been recognised—*has* been formally designated. And what are the designations? Every where almost the same: the price, which corresponds to the difficulties, has been properly called the cost price, as representing in civilized societies the total resistance which is usually possible to the endless reproduction of an article. So far there is no blame: but go forward; go on to the opposite mode of price—to that which I have called the affirmative price. By what name is it that most economists designate *that*? They call it "*monopoly price*," or "*scarcity price*." But monopoly, but scarcity—these are accidents; these are impertinences—*i. e.* considerations not pertinent, not relevant to the case; or, to place the logic of the question under the clearest light, these express only the *conditio sine quâ non*, or negative condition. But is *that* what we want? Not at all: we want the positive cause—technically, the *causa sufficiens*—of this antagonist price. That cause is found—not in the scarcity or the monopoly—Aristotle forbid such nonsense! (how could a pure absence or defect of importa-

+ Is not scarcity a difficulty?

tion—how could a mere negation, produce a robust *positive* ens—a price of sixty guineas?) No; but in something that has existed antecedently to all monopoly or scarcity; in a strong affirmative attraction of the article concerned; in a positive adaptation of this article to each individual buyer's individual purposes. True, the accidental scarcity brings this latent affirmative cause into play; but for that scarcity, this latent cause might have concealed itself for generations—might never have acted. The scarcity it is—the absolute stoppage to all further receipts of the article from its regular reproduction, which has enabled *something* to rise into action as the regulator of price. But what *is* that something? You say, popularly, that the absence of a sentinel caused the treasury to be robbed: and this language it would be pedantic to censure, because the true meaning is liable to no virtual misconstruction. But every body *would* censure it, if the abstraction of "absence" were clothed with the positive attributes of a man, and absence were held responsible for the larceny to the exculpation of the true flesh-and-blood criminal. The case is in all respects the same as to scarcity: the scarcity creates the opening, or occasion for "something" to supersede the *D*, or negative value; but that something is the *U* value—the affirmative value. *Activity*

This must be too self-evident to require any further words: the technical term of "scarcity value," adopted as the antithesis of "cost value" by Ricardo, by Mr

How can value regulate value?

McCulloch, and many beside, will not be defended by any body, except under the idea that the false logic which it involves is sure to undergo a correction from the logical understanding. But it is unsafe trusting too much to *that*. In the hurry of disputation it would be too late to revise our terms, to allow for silent errors, and to institute *pro hac vice* rectifications. It is indispensable to the *free* movement of thought, that we should have names and phrases for expressing our ideas, upon which we can rely at all hours as concealing no vestige of error. Now, against the technical term in possession, besides the conclusive reasons already exposed, there may be alleged these two sufficient absurdities as consequences to which it is liable :—

1st, That in any case of such scarcity actually realized, the scarcity could not be imagined to create a price; because, neither as an absolute scarcity, nor as graduated to any particular point, could it have more relation to one price than to any other—to a shilling than to a thousand guineas. As rationally might it be said, that the absence of the sentinel, according to the degrees of its duration, had created the costliness of the articles robbed from the treasury.

2d, That if such a shadow as a blank negation *could* become a positive agency of causation, still there would arise many monstrous absurdities. One case will suffice as an illustration of all. Suppose the scarcity as to two articles to be absolute—in other words, the greatest pos-

What a  
madness  
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cause

sible, or beyond any finite degree—then, if the scarcity were the acting cause of the new price, which has superseded the old *D* price, being the same in both cases, this scarcity must issue in producing the same price for both articles: whereas the true cause, which has been brought into action by the scarcity and the consequent abolition of *D*, being in reality the *U*, or utility value, (pushed to its *maximum*,) will soon show decisively that the one article may not reach the price of half-a-crown, whilst the other may run up to a thousand guineas.

It is useless to talk of “words” and “names” as being shadows, so long as words continue to express ideas, and names to distinguish actual relations. Verbalism it is in fact, and the merest babble of words, which can substitute a pure defect—so aerial an abstraction as a want or an absence—for a positive causal agency. *That* is really scholastic trifling. The true agencies in the case under discussion are eternally and alternately *D* and *U*—the resistance to the reproduction of the article, or the power in use of that article. Finally, it has been shown why these should be termed the affirmative and negative values of the article; and from the moment when either value takes effect, (ceases to be latent, and becomes operative upon the market,) should be termed severally affirmative and negative price.\*

\* In the text of this section it did not seem requisite to pause for any distinction between monopoly and scarcity. But it may be right to add a few lines in a note for the sake of novices, who

SECTION IV.  
ON THE TWO MODES OF EXCHANGE VALUE—  
AFFIRMATIVE AND NEGATIVE.

THE business of this present section is chiefly to illustrate by cases the two possible modes of exchange value; viz. the alternate modes as founded on a negative prin-

will naturally feel perplexed by the confused relations between two ideas approaching to each other, yet not identical; and still more perplexed by a case growing out of the two, viz. this:—They have heard the policy of creating an artificial scarcity by a partial destruction, sometimes ridiculed as an extravagance too monstrous to be entertained, except by the most credulous of starving mobs, and sometimes solemnly attested by historical records. Where lies the truth? Is such a policy conceivable, or is it an absurd romance?

There are scarcities which imply no monopoly, as the occasional scarcity in England (every ten years less possible) of corn or hay; and inversely there are monopolies which imply no original scarcity, as that of spices in the hands of the old Dutch East India Company. A monopoly does not necessarily act through any factitious or counterfeit scarcity. The English East India Company, that wisest and most princely of commercial institutions, long held a monopoly of tea; but there was no more of artificial scarcity ever created for the sake of giving effect to this monopoly during its long existence, than we have experienced since the period of its abolition. On the other hand, the Dutch did confessedly destroy, at times, one ship-load of spices out of three, in order to sustain the prices of the other two in the markets of Europe. This fact is, I believe, historically certain; and might oftentimes become a very prudent policy. Yet, in opposition to this known precedent, what seems a parallel case of destruction on the part of English

ciple, and as founded on an affirmative principle. Any reader, therefore, who is already satisfied with this distinction and its grounds, may pass on (without disturbing the *nexus* or logical dependency of the parts) to Section V.

That general principle which governs the transition under the appropriate circumstances from negative to affirmative value, might be brought forcibly before the

farmers, has been loudly rejected as ridiculous; and certainly with justice. "But why?" the novice will ask—"in what lies the difference?" It lies in this:—For any party under any circumstances to create a beneficial scarcity, what he has to do is this:—1st, To destroy so largely as materially to raise the price on all which remains; 2d, To leave so large a remainder as may much more than compensate (by the higher price upon a reduced quantity) that original price which might have been received upon the whole quantity whilst unreduced. But to take the first step with any effect demands a conspiracy amongst all the sellers. Now the Dutch East India Company were always in a conspiracy; they, from their common interest, and unity of federation, stood constantly "*in procinctu*" for such a measure. But to the English farmers, dispersed so widely, and thinking so variously, the initial steps towards a conspiracy, of whatever nature it might be, are impossible. No man can count upon any sacrifice but his own; yet even a conspiracy along a whole district or country side, (all impossible as it is,) would not affect the national price of grain more than by a quantity equal to the consumption of one regiment or one line-of-battle ship fully manned; and we all know how trivial in its effects on the national markets is the sailing on foreign service of many regiments and of many ships. Such a removal of troops or seamen is, however, the case realized (as to its uttermost effect) of a conspiracy far beyond any that ever will be practicable. In the final result, therefore, the Dutchman, who is the person to

reader by a political case drawn from the civil administration of ancient Rome. Any foreigner coming to Rome before the democratic basis of that republic had given way, would have found some difficulty (when reviewing the history of Rome) in accounting for the principle which had governed the award of triumphs. "I am at a loss," he would say, "to reconcile the rule which in some instances appears to have prevailed with that

suffer by the first step, is the same who will reap the whole indemnity and profit in the second. But the Englishman will find himself unable to create any such second stage in the case: his utmost sacrifices will not come near to the effect of raising the price; and if they could, it will not be himself, with a reduced quantity, who can reap the compensation for his own sacrifices, but others who have made no such sacrifices, and who retain their undiminished stock to benefit by the new prices.

Yet how, it may be asked by the novice, can even the Dutchman be sure of receiving a balance of gain upon the case?—of not losing more by the quantity destroyed than can always be fetched back by a higher price upon the quantity which remains? Simply under his experience of the average, annual or triennial, demand for spices in Europe—under this, taken in combination with that notorious principle first consciously remarked by Sir Richard Steele in an age almost ignorant of political economy; viz. that upon any article of primary demand, a deficiency to the extent of one-tenth will not enhance the price simply by a corresponding one-tenth, but say, by one-fourth; whilst a deficiency of one-fourth will not, in its reaction upon price, confine itself to that proportion, but will frequently go near to double the price. Such are the circumstances of fact and principle which make that experiment ludicrously impossible for the English farmer, which, for the Dutch farmer of Java or the Moluccas, was, in years of redundant produce, a hopeful, and at times even a necessary, measure.

which must have prevailed at others. In one case I see a rich province overrun, and no triumph granted to the conqueror; in another, I see a very beggarly (perhaps even a mutinous and unmanageable) province—no source of strength, but rather of continual anxiety to Rome—made the occasion of a most brilliant triumph, and even of a family title, such as 'Macedonicus' or 'Isauricus,' the most gratifying personal distinction which Rome had to confer." Here would seem a contradiction; but the answer could dispel it. "We regard," it would be said on behalf of Rome, "two separate and alternate considerations. No province, whether poor or rich, has ever been annexed to our republic which had not this primary condition of value—that it tended to complete our arch of empire. By mere locality, as one link in a chain, it has tended to the *arrondissement* of our dominions, the orb within which our power circulates." So far *any* province whatsoever added within the proper Mediterranean circuit, had always a claim upon the republic for some trophy of honour. But to raise this general claim to a level with triumphal honours, we Romans required \* that one or other of these two *extra* merits

\* "*We Romans required.*"—Originally the test applied to a claim of this nature lay in the number of throats cut—a *minimum* being fixed for a triumph, and a separate *minimum* for the "little go" of an ovation. But this test was applied only in early times, whilst the basis of difficulty was more nearly identical. In times of higher civilization, when this basis became more complex and variously modified, the grounds of claim and the test were modified conformably.

should be pleaded:—either first, that the province, though not rich, had been won by peculiarly hard fighting; or secondly, that though won with very slight efforts, the province was peculiarly rich. The primary, the indispensable value, as a link in the Roman chain, every province must realize, that tended to complete the zone drawn round the Mediterranean. Even a wilderness of rocks would have that value. But this being presumed, of course, as an advantage given by position without merit in the winner, we required, as the crest of the achievement towards justifying a triumph, either the affirmative value of great capacities for taxation, or the negative value of great difficulties overcome in the conquest. Cilicia, for example, returned little in the shape of revenue to Rome; for the population was scanty, and, from the condition of society, wealth was impossible. But the Isaurian guerillas, and the Cilician bucaniers, occupying for many centuries caves and mountain fortresses, that without gunpowder were almost impregnable, gave a sanguinary interest to the conflict, which compensated the small money value. For eight centuries Cilicia was the scourge of the Levant. Palestine again presented even a bloodier contest, though less durable, in a far narrower compass. But Egypt—poor, effeminate Egypt! always “a servant of servants”—offered, amidst all her civilization, no shadow of resistance. As a test of military merit, she could not found a claim for any man; for six hundred miles she sank on her knees at

the bidding of the Roman centurion. So far, the triumph was nothing. On the other hand, Egypt was by wealth the first of all provinces. She was the greatest of coeval granaries.\* The province technically called Africa, and the island of Sicily, were bagatelles by comparison; and what, therefore, she wanted as the *negative* criterion of merit—having so much wealth—she possessed redundantly in the *affirmative* criterion. Transalpine Gaul, again, was a fine province under both criteria. She took much beating. In the half-forgotten language of the *fancy*, she was “a glutton;” and secondly, on the affirmative side, she was also rich. Thus might an ancient Roman have explained and reconciled the apparently conflicting principles upon which triumphs had been awarded. Where a stranger had fancied a want of equitable consistency, because two provinces had been equally bloodless acquisitions, and yet had not equally secured a triumph, he would now be disabused of his error by the sudden explanation, that the one promised great wealth—the other little. And where, again, between two provinces equally worthless as regarded positive returns of use, he had failed to understand why one

\* Egypt was so capable of feeding vast armies, that for that reason only she was viewed as the potential mother of rebellions, as the eternal temptress of the ambitious. Whence grew the Roman rule, that no proconsul, no man of senatorian rank, should ever go into Egypt as a lieutenant of the Republic or the Emperor; such a man's powers would have been too ample, and his rank of too much authority.

should bring vast honour to the winner, the other none at all—his embarrassment would be relieved at once by showing him that the unhonoured conquest had fallen at the first summons, possibly as a mere effect of reaction from *adjacent* victories; whilst the other conquest had placed on the record a brilliant success—surmounting a resistance that had baffled a series of commanders, and so far flattering to the Roman pride; but in another sense transcendently important, as getting rid of an ominous exposure which proclaimed to the world a possibility of hopeful opposition to Rome.

Now exactly the same principle, transferred to the theory of value in exchange, will explain the two poles on which it revolves. Sometimes you pay for an article on the scale of its use—its use with regard to your individual purposes. On this principle, you pay for A suppose twice as much as you would consent to pay for B. The point at which you pause, and would choose to go without B rather than pay more for it, does not rise more than one half so high on the scale as the corresponding *ne plus ultra* for A. This is affirmative price. On the other hand, sometimes you pay for an article on the scale of its costliness; *i. e.* of its resistance to the act of reproduction. This principle is not a direct natural expression of any intrinsic usefulness; it is an indirect, and properly an exponential, expression of value, by an alien accident perfectly impertinent to any interest of yours—not what good it will do to yourself,

but what harm it has done to some other man, (*viz.* what quantity of trouble it has imposed upon him,) that is the *immediate*\* question which this second principle answers. But unnatural (that is, artificial) as such a principle seems, still, in all civilised countries, this is the principle which takes effect by way of governing force upon price full twenty times for once that the other and natural principle takes effect.

Now, having explained the two principles, I find it my next duty to exemplify them both by appropriate cases. These, if judiciously selected, will both prove and illustrate.

In the reign of Charles II. occurred the first sale in England of a RHINOCEROS. The more interesting wild beasts—those distinguished by ferocity, by cruelty, and agility—had long been imported from the Mediterranean; and, as some of them were “good fellows and would strike,” (though, generally speaking, both the lion and the tiger are the merest curs in nature,) they bore tolerable prices, even in the time of Shakspeare. But a rhinoceros had not been yet imported; and, in fact, that brute is a dangerous connexion to form. As a great lady from Germany replied some seventy years ago to an Englishman who had offered her an elephant—

\* “*Immediate*,” because, upon a secondary consideration, you become aware that the trouble imposed on the maker is spared to yourself; yet still the ground of value remains what it was—not a benefit reaped, but an evil evaded.



“*Mit nichten*, by no means; him eat too mauch.” In spite, however, of a similar infirmity, the rhinoceros fetched, under Charles II., *more* than L.2000. But why? on what principle? Was it his computed negative value? Not at all. A granite obelisk from Thebes, or a Cleopatra’s needle, though as heavy as a pulk of rhinoceroses, would not have cost so much to sling and transport from the Niger to the Thames. But in such a case there are two reasons why the purchaser is not anxious to enquire about the costs. In buying a loaf *that* is an important question, because a loaf will be bought every day, and there is a great use in knowing the cost, or negative value, as that which will assuredly govern an article of daily reproduction. But in buying a rhinoceros, which it is to be hoped that no man will be so ill-fated as to do twice in one world, it is scarcely to be hoped that the importer will tell any truth at all, nor is it of much consequence that he should; for the buyer cares little by comparison as to the separate question on the negative price of the brute to his importer. He cares perhaps not very much more as to the *separate* question upon the affirmative return likely to arise for himself in the case of his exhibiting such a monster. Neither value taken singly was the practical reply to his anxieties. That reply was found in both values, taken in combination—the negative balanced against the affirmative. It was less important to hear that the cost had been L.1000, so long as the affirmative return

was conjecturally assigned at little beyond L.2200, than to hear that the immediate cost to the importer had been L.2000, but with the important assurance that L.5000, at the very least, might be almost guaranteed from the public exhibition of so delicate a brute. The creature had not been brought from the Barbary States, our staple market for monsters, but from some part of Africa round the Cape; so that the cost had been unusually great. But the affirmative value, founded on the public curiosity, was greater; and, when the two terms in the comparison came into collision, then was manifested the excess of the affirmative value, in that one instance, as measured against the negative. An “*encore*” was hardly to be expected for a rhinoceros in the same generation; but for that once it turned out that a moderate fortune might be raised upon so brutal a basis.

TRUTH HORSES.—Pretty nearly at the same time, viz. about the year 1684, an experiment of the same nature was made in London upon an animal better suited to sale, but almost equally governed in its price by affirmative qualities. In this instance, however, the qualities lay in excess of beauty and docility, rather than of power and strange conformation. Three horses, of grace and speed at that time without parallel in western Europe, were brought over to England, and paraded before the English court. Amongst others, Evelyn saw them, and thus commemorates the spectacle:—“*De-*

ember 17. Early in the morning, I went into St James's Park to see three Turkish or Asian horses, newly brought over, and now first showed to his Majesty;" (Charles II., who died about six weeks later.) "There were" (had been) "four, but one of them died at sea, being three weeks coming from Hamborow. They were taken from a bashaw at the siege of Vienna, at the late famous raising that leaguer.\* I never beheld so delicate a creature as one of them was; of somewhat a bright bay; in all regards beautifull and proportion'd to admiration; spirited, proud, nimble; making halt, turning with that swiftnesse, and in so small a compass, as was admirable. With all this, so gentle and tractable, as call'd to mind what Busbequius speakes to the reproch of our grooms in Europe, who bring up their horses so churlishly as makes most of them retain their ill habits." Busbequius talks nonsense. This, and the notion that our western (above all, our English) horses are made short-lived by luxurious stables, &c., are old "crazes" amongst ourselves. Mr Edmond Temple, in his Peru, evidently supposes that, with worse grooming; and if otherwise sufficiently ill-treated, our English horses would live generally to the age of forty—possibly, I add, of a thousand, which would be inconvenient. As to the

\* "Raising that leaguer."—Viz., by John Sobieski in 1683, upon which great event (the *final* disappearance of Mussulmans from central Christendom) is that immortal sonnet of Filicaja's, so nobly translated by Wordsworth: "He" (Sobieski) "conquering THROUGH God, and God BY him."

conceit of Busbequius, it is notorious to Englishmen that the worst-tempered horses in the world (often mere devils in malignity) are many of the native breeds in Hindostan, who happen, unfortunately for the hypothesis, to have oftentimes the very gentlest grooms. The particular horses brought over from the Turkish rout under Vienna, by their exquisite docility would seem to have been Arabs. The cross of our native breed by the Arab blood, which has since raised the English racer to perfection, was soon after begun (I believe) under the patronage of the Godolphin family. From this era, when Arab velocity for a short burst had been inoculated upon English "bottom," or enduring energy, the Newmarket racer rose to a price previously unheard of in the annals of the horse. So low, however, was the affirmative standard at this period in England, so little had the latent perfections of the animal (the affirmative value) been developed, that of these matchless Arabians, sold on the terms of including the romantically gorgeous appointments for both horse and rider, even the finest was offered for five hundred guineas, and all three together for a thousand. This price had reference (as also in the case of the rhinoceros) exclusively to affirmative value.\*

\* "To affirmative value."—That is, applied itself to the *direct* service or pleasure anticipated from the animal, calculated on so many years' purchase, not to any *indirect* exponent or measure of this service. In the case of the rhinoceros, (and also of the modern race-horse, as compared with the hunter a little further on,) the

PARADISE LOST.—Were you (walking with a foreigner in London) to purchase for eighteenpence a new copy of this poem, suppose your foreign friend to sting your national pride by saying:—"Really it pains me to see the English putting so slight a value upon their great poet as to rate his greatest work no higher than eighteenpence"—how would you answer? Perhaps thus:—"My friend, you mistake the matter. The price does not represent the *affirmative* value—the value derived from the *power* of the poem to please or to exalt; *that* would be valued by some as infinite, irrepresentable by money; and yet the *resistance* to its reproduction might be less than the price of a breakfast. Now here, the ordinary law of price exposes itself at once. It is the *power*, the *affirmative* worth, which creates a fund for any price at all; but it is the *resistance*, the negative worth, or what we call the cost, which determines how much shall be taken from that potential fund. In bibliographic records, there are instances of scholars selling a landed estate equal to an annual livelihood for ever, in order to obtain a copy of one single book—viz. an ARISTOTLE. At this day, there are men whose estimate of Aristotle is not at all less. Having long since reached his lowest point of construction of the affirmative value is somewhat different in form, though substantially the same. *There* the animal is viewed productively: both rhinoceros and racer sell upon the ground of affirmative value; they make returns; but returns in money; and not (as the bashaw's horses) in ornament, sense of beauty, luxurious motion, &c.

depression from the influence of sciolism and misconception, for at least fifty years Aristotle has been a rising author. But does any man pay an estate in exchange for Aristotle as now multiplied? Duval's in folio may be had for two guineas; the elder edition of Sylburgius in quarto may be had (according to our own juvenile experience) for ten guineas; and the modern Bipont by Buhle, only that it is unfinished, may be had for less than three. *There* is the reason for the difference between former purchasers and modern purchasers. The *resistance* is lowered; but the affirmative value may, for any thing that is known, be still equal in many minds to that which it was in elder days—and in some minds we know that it is. The fair way to put this to the test would be to restore the elder circumstances. Then the book was a manuscript; printing was an undiscovered art; so that merely the *resistance* value was much greater, since it would cost a much larger sum to overcome that resistance where the obstacle was so vast a mass of manual labour, than where the corresponding labour in a compositor would multiply, by the pressman's aid, into a thousand copies, and thus divide the cost amongst a thousand purchasers. But this was not all. The owner of a manuscript would not suffer it to be copied. He knew the worth of his prize; it had a monopoly value. And what is that? Monopoly value is affirmative value carried to extremity. It is the case where you press to the ultimate limit upon the desire of a bidder to possess

the article. It is no longer a question—for how little might it be afforded? You do not suffer him to put that question. You tell him plainly, that although he might have it copied for forty pounds, instead of sinking upon the original manuscript a perpetual estate yielding forty pounds annually, you will not allow it to be copied. Consequently you draw upon that fund which, in our days, so rarely *can* be drawn upon; viz. the ultimate esteem for the object—the last bidding a man will offer under the known alternative of losing it.

This alternative rarely exists in our days. It is rarely in the power of any man to raise such a question. Yet sometimes it is; and we will cite a case which is curious, in illustration. In 1812 occurred the famous Roxburghe sale, in commemoration of which a distinguished club was subsequently established in London. It was a library which formed the subject of this sale—and in the series of books stood one which was perfectly unique in affirmative value. This value was to be the sole force operating on the purchaser; for as to the negative value, estimated on the resistance to the multiplication of copies, it was impossible to assign any: no price would overcome that resistance. The book was the VALDARFER\* BOCCACCIO. It contained, not all the works of that author, but his Decameron—and, strange enough, it was not a manuscript, but a printed copy. The value of the book lay in these two peculiarities: 1st, it was

\* Valdarfer was the printer.

asserted that all subsequent editions had been castrated with regard to those passages which reflected too severely on the Papal Church; 2dly, the edition, as being incorrigible in that respect, had been so largely destroyed, that, not without reason, the Roxburghe copy was believed to be unique. In fact, the book had not been seen during the two previous centuries; so that it was at length generally held to be a nonentity. And the biddings went on as they would do for the Wandering Jew, in case he should suddenly turn up as a prize-subject for life insurances. The contest soon rose buoyantly above the element of little men. It lay between two "top-sawyers," the late Lord Spencer and Lord Blandford; and finally was knocked down to the latter for two thousand two hundred and forty pounds—at a time when five per cent was obtained every where, and readily, for money. It illustrates the doctrine on which we are now engaged—that the purchaser some few years later, when Duke of Marlborough, and in personal embarrassments, towards which he could draw no relief from plate that was an heirloom, or from estates that were entailed, sold the book to his old competitor Lord Spencer for one thousand guineas. Nothing is more variable than the affirmative value of objects which ground it chiefly upon rarity. It is exceedingly apt to pall upon possession. In this case there was a secondary value—the book was not only rare, but was here found in its integrity: this one copy was perfect: all others

were mutilated. But still such a value, being partly a caprice, and in the extremest sense a *pretium affectionis*, or fancy price—fluctuates with the feelings or opinions of the individual; and, even when it keeps steady, it is likely to fluctuate with the buyer's fortunes.

On the other hand, where a *pretium affectionis* is not without a general countersign from society, we do not find that it fluctuates at all. The great ITALIAN MASTERPIECES OF PAINTING have long borne an affirmative value, (*i. e.* a value founded on *their* pre-eminence, not on the cost of producing;) and that value pushed to the excess of a monopoly, continually growing more intense. It would be useless now to ask after the resistance price: because, if that could be ascertained, it would be a mere inoperative curiosity. Very possible it is that Leonardo da Vinci may have spent not more than £150 in producing his fresco of the Last Supper. But, were it possible to detach it from the walls of the convent refectory which it emblazons, the picture would command in London a king's ransom; and the Sistine Chapel embellishments of Michael Angelo, probably two such ransoms within a week. Such jewels are now absolutely unique—they are secure from repetition; notorious copies would not for a moment enter into competition. It is very doubtful if artists of power so gigantic will reappear for many centuries; and the sole deduction from their increasing value is the ultimate frailty of their materials.

SALMON is another instructive case. At present it is

said pretty generally to bear the average price of fifteenpence a pound;\* and this price is doubtless the resistance value. But, if the price should ever come to represent the affirmative or power value, it might easily rise considerably higher. There are many men who would prefer one pound of salmon to four of beef; and up to that level, if the stress should ever lie on a man's intrinsic esteem for salmon, it might ascend easily. But it could not ascend very much higher; because a limit is soon reached at which it would always be pulled up suddenly by some other commodity of the same class in still higher esteem. A majority of palates prefer turbot, *i. e.* true turbot, not the rubbish which passes for such. And vicarious articles, possibly even superior substitutes, will generally avail to fix a limit on the *maximum* side, beyond which few articles will be pushed even by the severest strain upon their affirmative qualities; that is, by the situation where the question ceases entirely to the seller—What can you afford to take? and is turned against the buyer—What is the utmost that you, rather than lose the article, will consent to give? The simple demand for *variety*, as one amongst the resources of hospitality, might long avail to support a rack-price (that is, an affirmative price) for salmon, if it were ever to reach it. People are called upon daily to buy what

\* Since this was written, a Dutch competition in the markets of London has reduced the price.

may allow a reasonable *choice* to their guests; that is, what may be agreeable as one luxury *amongst* others, even though to their own estimate it may not avail as one luxury *against* others.

CROTON OIL.—This case of salmon represents that vast order of cases where the article is within *limits*. Press as you will upon the desire of a man to obtain the article for its intrinsic qualities, for its *power* to gratify, (which, as in itself capable of no exact estimate, might seem susceptible of an *unlimited* appreciation,) there is however, in all such cases, or very nearly all, a practical limit to this tendency. Easily the article may rise to a price double or triple of what would notoriously suffice to overcome the *resistance*, or cost. But this very ascent brings it at every step into direct competition with articles of the same class usually reputed to be better. It is of no consequence, in such a competition, whether the superior article is selling on the principle of affirmative value or of negative—selling for its intrinsic qualities or its cost. Turbot, for instance, being at four shillings a pound, whether that four shillings represents a value far beyond the cost, or simply the cost, naturally the candidate for salmon will pause, and compare the two fishes with a single reference to the intrinsic *power* of each for the common purpose of gratifying the palate. If, then, he shared in the usual comparative estimate of the two as luxury against luxury, here at once a limit is reached beyond which monopoly of salmon could

never extensively force it. Peculiar palates are, for that reason, rare. Limits, therefore, are soon found, and almost universally.

But now we pass to a case where no such limits exist. About nineteen years ago were introduced, almost simultaneously, into the medical practice of this country two most powerful medicines. One of these was the sulphate of quinine; the other was croton oil, amongst drastic medicines of a particular class the most potent that is known. Both were understood to be agents of the first rank against inflammatory action; and, with respect to the last, numerous cases were reported in which it had, beyond a doubt, come in critically to save a patient, previously given up by his medical attendants. Naturally these cases would be most numerous during the interval requisite for publishing and diffusing the medicine—an interval which, with our British machinery, is brief. There was time enough, however, to allow of a large number of cases in which it had not been introduced until the eleventh hour. Two of these came under my personal knowledge, and within the same fortnight. Both were cases of that agonizing disorder—inflammation affecting the intestines. One was near to London: a mounted messenger rode in for the medicine; returned within a hundred minutes; and the patient was saved. The other case lay near to Nottingham: the person dispatched with the precious talisman to the post-office, then in Lombard Street, found the mail just

starting; but, by an inflexible rule of office, neither guard nor coachman was at liberty to receive a parcel not entered in the way-bill: the man had not the presence of mind to entrust it with one of the passengers; the patient was already in extremity; and, before the medicine reached Nottingham by a coach leaving London the next morning, he had expired.

Now, in the case of such a magical charm, to have or to want which was a warrant for life or for death, it is clear that, amongst rich men, the holder of the subtle elixir, the man who tendered it in time, might effectually demand an oriental reward. "Ask me to the half of my kingdom!" would be the voluntary offer of many a *millionnaire*. And if this undoubted power, occasionally held by individual surgeons, were not neutralized by the honour governing our medical body, cases of excessive prices for critical operations would not be rare. Accordingly Maréchal Lannes in 1809, who had been accustomed in his original walk of life to a medical body far less liberal or scrupulous than ours, used the words of the dying Cardinal Beaufort—"I'll give a thousand pounds," he exclaimed convulsively, "to the man who saves my life!" Not a very princely offer, it must be owned; and we hope it was not *livres* that he meant. But the case was hopeless; both legs shattered at *his* age were beyond art. Had it even been otherwise, Baron Larrey was a man of honour; and, under any circumstances, would have made the same answer—viz.

that, without needing such bribes, the surgeons would do their utmost.

Still the case requires notice. Accidentally in our British system the high standard of professional honour turns aside such mercenary proposals—they have become insults. But it is clear, that, *per se*, the value of the aid offered is very frequently in the strictest sense illimitable. Not only might the few monopolists of exquisite skill in operating, or the casual monopolist of an amulet, a charm, like the croton oil, press deeply upon the *affirmative* value of this one resource to a man else sealed for death; but also it is certain that, in applying their screw, medical men would rarely find themselves abreast of those *limits* which eternally are coming into play (as we have illustrated in the case of salmon) with regard to minor objects. A man possessing enormous strength of wrist, with singular freedom from nervous trepidations, is not often found; how very rarely, then, will he be found amongst those possessing an exquisite surgical science! Virtually, in any case where a hair's-breadth swerving of the hand will make the difference of life and death, a surgeon thus jointly favoured by nature and by art holds a *carte blanche* in his hands. This is the *potential* value of his skill; and he knows it; and generally, we believe, that out of the British empire\* it

\* British people are not entitled to judge by their experience in Germany or Italy. Generally, the physician or the surgeon called in, is some one founding his practice upon British patronage, and trained to British habits of feeling.

would be used to some extent. As it is, what value do we find it to be which really takes place in such instances? It is simply the *resistance* value. Disdaining to levy a ransom, as it were, upon the fears and yearnings after life in the patient, or upon the agitations of his family, the honourable British surgeon or physician estimates only the cost to himself; he will take no account of the gain to the other party. He must compute the cost of his journey to and fro; the cost in practice lost during his absence from home; and that dividend upon the total costs of his education to which a case of this magnitude may fairly pretend. These elements compose the resistance to his being in the situation to offer such aid; and upon these he founds his expectation.

By this time, therefore, the reader understands sufficiently our distinctions of *plus* and *minus*—power and resistance—value. He understands them to be the two ruling poles towards which all possible or conceivable prices must tend; and we admit that, generally, the resistance value will take place, because generally, by applying an equal resistance, the object (whatever it be) may be produced. But by way of showing that it is no romantic idea to suppose a case of continual recurrence where the affirmative value will prevail over the negative, where an object will draw upon the purchaser not for the amount of cost, (including, as we need not say, the ordinary rate of profit,) but for an amount calculated according to the intrinsic powers, we will give the case of—

HUNTERS, *as against* RACE-HORSES.—If a man were to offer you a hunter, master of your weight, and otherwise satisfactory, you would readily give him a fair price. But what *is* a fair price? That which will reproduce such a hunter—his cost; the total resistance to his being offered in this condition. Such is the value, and such the law of value, for a hunter. But it is no longer such for a racer. When a breeder of horses finds one amongst his stud promising first-rate powers of contending at Newmarket, he is no longer content to receive a cost price for the horse, or any thing like it. The man who (as a master of pearl-divers) sells the ordinary seed pearls at the mere cost and fair profit on the day's wages which have earned them, when he reaps a pearl fit to embellish the schah of Persia's crown, looks to become a petty schah himself. He might sell it with a profit by obtaining even that whole day's wages, during one hour of which it was produced: but *will* he? no more than, amongst ourselves, the man who, by a twenty guinea lottery ticket, drew a prize of L.10,000, would have sold his ticket for a profit of cent per cent upon its cost. The breeder of the race-horse would take into his estimate the numerous and splendid stakes which the horse might hereafter win; sometimes at Epsom, on one Derby day, as much as L.5000 to L.6000; to say nothing of the Leger at Doncaster, or other enormous prizes. It is true that the chances of



mortality and failure must also be weighed: and unluckily no insurance has yet been done on racers, except as regards sea-risk. But, after all drawbacks, the owner may succeed finally in obtaining for a first-rate horse (once known for good performances) as much as L.4000; whilst the whole value, computed on the resistance, may not have been more than as many hundreds. And this fact, though standing back in the rear as regards *public* knowledge, we may see daily advertised in effect by that common regulation which empowers the loser in many cases to insist on the winning horse being sold for L.200, or a similar small sum. Were it not for this rule, which puts a stop to all such attempts without hazard of personal disputes, it would be a capital speculation for any first-rater, though beaten at Newmarket, to sweep all the stakes without effort on a tour through the provincial courses: justice would cease for the owners of inferior horses, and sport for the spectators of the competition.

The last case must have convinced the reader, that, however uncommon it may be, the cost—the resistance—does not always take place even in the bosom of high civilization. And, by the way, amongst many other strange examples which we could state of anomalous values not considered in books of political economy, it would be easy to show that the very affirmative values of things have shifted under shifting circumstances.

Pearls were most valued amongst the ancient Romans, diamonds and rubies amongst modern nations. Why? We are persuaded that, besides other reasons founded on resistance for the varying ratio of prices, this following affirmative reason has prevailed: the Roman festivals were all by daylight, under which sort of light pearls tell most at a distance. The modern are chiefly by lamplight, where the flashing and reverberated lustres of jewels are by far the more effective. The intrinsic *powers* have shifted. As an embellishment of female beauty or distinction, pearls are no longer what they were. Affirmatively they have shifted, as well as in the resistance, or negatively.

SLAVES are valued alternately under both laws. Enter the slave-market at Constantinople; not in its now ruined state, but as it existed at the opening of this 19th century. The great majority of ordinary slaves were valued, simply as effects derived from certain known causes adequate to their continued reproduction. They had been stolen; and the cost of fitting out a similar *foray*, when divided suppose amongst a thousand captives, quoted the price of each ordinary slave. Even upon this class, however, although the cost (that is, on our previous explanation, the negative value) would form the main basis in the estimate, this basis would be slightly modified by varieties in the affirmative value. The cost had been equal; but the affirmative value would obviously vary under marked differences as to

health, strength, and age. Was the man worth five or eight years' purchase?—that question must make a slight difference, even where the kind of service itself, that *could* be promised, happened to rank in the lowest ranges of the scale. A turnip cannot admit of a large range in its appreciation; because the very best is no luxury. But still a good turnip will fetch more than a bad one. We do not, however, suppose that this difference in turnips will generally go the length of making one sort sell at negative or cost value, the other at affirmative. Why? Simply because the inferiority in the turnip A, is owing to inferior cost on its culture; and the superiority in turnip B, to superior cost. But, in the case of the slaves, this is otherwise. Upon any practicable mode of finding their cost, it must prove to have been the same. The main costs of the outfit were, of necessity, common to the total products of the expedition. And any casual difference in the individual expenditure, from sickness or a longer chase, &c, must be too vague to furnish a ground of separate appreciation. Consequently the mob, the *plebs*, amongst the slaves, must be valued as the small ordinary pearls are valued—simply so many stone-weight on the basis of so much outlay.

But the natural aristocracy amongst the slaves, like the rarer pearls, will be valued on other principles. Those who were stolen from the terraces and valleys lying along that vast esplanade between the Euxine

and the Caspian, had many chances in favour of their proving partially beautiful; by fine features and fine complexions at the least. Amongst the males, some would have a Mameluke value, as promising equestrian followers in battle, as capital shots, as veterinary surgeons, as soothsayers, or calculators of horoscopes, &c. All these would be valued affirmatively; not as effects that might be continually reproduced by applying the same machinery of causes to the resistance presented by the difficulties; but inversely, as themselves causes in relation to certain gratifying effects connected with Mahomedan display or luxury. And if we could go back to the old slave-markets of the Romans, we should meet a range of prices (corresponding to a range of accomplishments) as much more extensive than that of the Ottoman Porte, as the Roman civilization was itself nobler and ampler than that of Islamism. Generally, no doubt, the learned and the intellectual slaves amongst the Romans, such as Tiro, the private secretary of Cicero, were *vernæ*—slaves not immediately exotic, but homebred descendants from slaves imported in some past generation, and trained at their master's expense upon any promise of talent. Tutors, (in the sense of pedagogues,) physicians, poets, actors, brilliant sword-players, architects, and artists of all classes, *savans*, *littérateurs*—nay, sometimes philosophers not to be sneezed at—were to be purchased in the Roman markets. And this, by the way, was undoubtedly the cause

of that somewhat barbarian contempt which the Romans, in the midst of a peculiar refinement, never disguised for showy accomplishments. We read this sentiment conspicuously expressed in that memorable passage where Virgil so carelessly resigns to foreigners, Græculi, or whatever they might be, the supremacy in all arts but those of conquest and government; and, in one instance, viz. "*orabunt causas melius*," with a studied insult to a great compatriot recently departed, not less false as to the fact than base as to the motive. But the contempt was natural in a Roman noble for what he could so easily purchase. Even in menial domestics, some pretensions to beauty and to youth were looked for: "tall stripling youths, like Ganymede or Hylas," stood ranged about the dinner-table. The solemn and shadowy banquet, offered by way of temptation to our Saviour in the wilderness, (see *Paradise Regained*,) is from a Roman dinner; and the philosophic Cicero, in the midst of eternal declamations against luxury, &c., thinks it a capital jest against any man, that his usual attendants at dinner were but three in number, old, shambling fellows, that squinted perhaps, two of them bandy-legged, and one with a tendency to mange. Under this condition of the Roman slave-shambles as respected the demand, we must be sure that affirmative price would interfere emphatically to govern the scale. Slaves possessing the greatest natural or acquired advantages, would often be thrown, by the chances of battle, into

Roman hands, at the very same rate as those who had no advantages whatever. The cost might be very little, or it might be none, except for a three months' voyage to Rome; and, at any rate, would be equal. So far, there would be no ground for difference in the price. But if at all on a level as to the cost, the slaves were surely not on a level when considered as powers. As powers, as possessors of various accomplishments ministering to the luxury, or to the pompous display of some princely household, the slaves would fetch prices perhaps as various as their own numbers, and pointing to a gamut of differences utterly unknown to any West Indian colonies, or the States of Continental America. In that New World, slavery has assumed a far coarser and more animal aspect. Men, women, or children, have been all alike viewed in relation to mere prædial uses. Household slaves must there also be wanted, no doubt, but in a small ratio by comparison with the Roman demand; and, secondly, they were not bought originally with that view so as materially to influence the market, but were subsequently selected for domestic stations, upon experimental discovery of their qualities. Whereas in Rome—that is, through all Italy and the Roman colonies—the contemplation of higher functions on a very extensive scale, as open almost *exclusively* to slaves, would act upon the *total* market—even upon its inferior articles—were it only by greatly diminishing the final *residuum* available for menial services. The

result was, that, according to the growth of Rome, slaves were growing continually in price. Between 650-60 U. C. (the period of Marius, Sylla, &c.) and 700-710, (final stage of the Julian conflict with Pompey,) the prices of all slaves must prodigiously have increased. And this object it was—viz. the slave-market, a most substantial speculation; not by any means the pearl market, (as rumour stated at the time)—which furnished the great collateral motive (see Mitford's *Greece*) to Cæsar's two British expeditions.

LAND is another illustration, and of the first rank. Ricardo ought not to have overlooked a case so broad as this. You may easily bring it under examination, by contrasting it with the case of a machine for displacing human labour. That machine, if it does the work in one hundred days of one hundred men in the same time, will at first sell for something approaching to the labour which it saves—say, for the value of eighty men's labour: that is, *it will sell for what it can produce, not for what will produce itself*; that is, it will sell for affirmative, not for negative value. But as soon as the construction of such a machine ceases to be a secret, its value will totally alter. It will not sell for the labour produced, but for the labour producing. By the supposition, it produces work equal to that of a hundred men for one hundred days; but, if it can itself be produced by twenty men in twenty days, then it will finally drop in value to that price: it will no longer be viewed

as a cause equal to certain effects, but as an effect certainly reproducible by a known cause at a known cost. Such is the case eventually with all *artificial* machines; and for the plain reason, that once ceasing to be a secret, they can be reproduced *ad infinitum*. On the other hand, land is a *natural* machine—it is limited—it cannot be reproduced. It will therefore always sell as a power—that is, in relation to the effects which it can produce, not as itself an effect; because no cause is adequate to the production of land. The rent expresses one year's value of land; and, if it is bought in perpetuity, then the value is calculated on so many years' purchase—a valuation worthy, on another occasion, of a separate consideration. For the present, it is enough to say, that land is not valued on any principle of cost—does not sell at negative value—but entirely on the principle of its powers or intrinsic qualities: in short, it sells for affirmative value—as a power, as a cause, not as an effect.

Popish *reliques* put this distinction in a still clearer light. The mere idea of valuing such articles as producible and reproducible, as effects from a known machinery, would at once have stripped them of all value whatever. Even a saint can have only one cranium; and, in fact, the too great multiplication of these relics, as derived from one and the same individual saint or martyr, was one of the causes, co-operating with changes in the temper of society, and with changes in the inter-

course of nations, which gradually destroyed the market in relics. But we are far from deriding them. For the simple and believing ages, when the eldest son of baptism, the King of France, led by the bridle the mule who bore such relics, and went out on foot, bareheaded, to meet them—these were great spiritual powers; always powers for exalting or quickening devotion, and sometimes, it was imagined, for the working of benign miracles. This was their affirmative value; and when *that* languished, they could not pass over to the other scale of negative value—this was impossible; for they could not be openly reproduced: counterfeited, forged, they might be—and too often they were. But this was not a fact to be confessed. They could sell at all only by selling as genuine articles. A value as powers they must have, a value affirmatively, or they could have none at all.

SECTION V.—ON THE PRINCIPAL FORM OF EXCHANGE VALUE—VIZ. *NEGATIVE VALUE*.

Thus far I have been attempting to extricate from the confusion which besets it, and to establish in coherency through all its parts, that idea of value in general, and those subdivisions of exchange value, which come forward as antithetic principles in the earliest stages of

the deduction. And thus far it is undeniable that Ricardo's views were as unsound as those of any man, the very weakest among all, who had gone before him. Casual words which he has used, and the practical inference from his neglect to censure, betray this fact. But now the deduction has reached a point at which Ricardo's great reform first comes into action. Henceforward, the powerful hand of Ricardo will be felt in every turn and movement of economy.

It may now be assumed as a thing established, that there are two great antithetic forms of value, and no more; viz. affirmative value, resting upon the intrinsic powers of the article valued for achieving or for aiding a human purpose—and negative value, which neglects altogether the article in itself, and rests upon an accident outside of the article; viz. the amount of resistance to be overcome in continually reproducing it.

Upon the first form of value there is little opening for any further explanation, because no opening for any error, except that one error which arises from yielding, through *lâcheté* of the understanding, to the false impression of the word "use," as though "use" meant use beneficial—a use approved by the moral sense, or the understanding, in contradistinction to a false, factitious, and imaginary use. Whereas this is all pure impertinence; and the use contemplated is the simple power of ministering to a purpose, though that purpose were the most absurd, wicked, or destructive to the

user that could be imagined. But this misconception is treated in a separate section, (viz. in section VI.) At present, therefore, and throughout *this* section, we have nothing to distract our attention from the single question which remains—Value in exchange being founded either on power or on resistance; and the case of power being dismissed to a subsequent section, what is it that constitutes the resistance? This value measured by resistance—once for all, this negative value—being in fact the *sole* value ever heard of in the markets, except for here and there a casual exception, by much the greatest question in political economy is that which now comes on for consideration.

How stood the answer to this question when first Ricardo addressed himself to the subject? According to many writers—according to Ricardo himself and Mr M'Culloch—the answer was occasionally not amiss; only it was unsteady and vacillating. Is that so? Not at all: the answer *was* amiss—was *always* amiss—was *never* right in a single instance. For what is it to us that a man stumbles by some accident into a form of expression which might be sustained at this day as tolerably correct, (simply because ambiguous,) if, by five hundred other expressions in that same man's book, we know to a certainty that he did not mean his own equivocal language to be taken in that sole sense—one sense out of two—which could sustain its correctness? You urge as decisive the opinion of some eminent wit-

ness, who, being asked—"To whose jurisdiction does such a case belong?" had answered, "To the pope's"—meaning only that it did *not* belong to that of the civil power; whilst yet the proof was strong against him, that he had not been aware of two popes being in the field, pope and anti-pope, and whilst the question of jurisdiction had undeniably concerned not the old competition of temporal and spiritual, but that particular personal schism. A very dubious, because a very latitudinarian, expression is cited abundantly from Adam Smith, and the civil critics in economy praise it with vehemence. "*Oh, si sic omnia!*" they exclaim. "Oh, if he had never forgot himself!" But *that* is language which cannot be tolerated. Adam Smith *appears* to be right in some occasional passages upon this great question, merely because his words, having two senses, dissemble that sense which is now found to be inconsistent with the truth. Yet even this dissembling was not consciously contemplated by Adam Smith; he could not dissemble what he did not perceive; he could not equivocate between two senses which to him were one. It is certain, by a vast redundancy of proof, that he never came to be aware of any double sense lurking in his own words; and it is equally certain that, if the *two* senses now indicated in the expression had been distinctly pointed out to him, he would not have declared for either as exclusive of the other; he

would have insisted that the two meanings amounted to the same—that one was substantially a reiteration of the other, under a different set of syllables—and that the whole distinction, out of which follows directly a total revolution of political economy, had been pure scholastic moonshine.

That all this is a correct statement, one sentence will prove. What was the foundation, in Adam Smith's view, of that principal exchange value which in all markets predominates, and which usually is known as the cost value? This mode of exchange value it is which I am treating in this 5th section. I have called it negative value; but, call it as you please, what is the eternal ground which sustains it? Adam Smith replied in one word, that it is LABOUR. Well, is it not? Why, at one time it might have been said, with some jealousy, that it was; for this elliptical phrase might have been used by Ricardo himself to denote all which it ought to denote; and, without examination, it could not be known that Adam Smith had not used it in this short-hand way. But proofs would soon arise that in fact he had not. Suppose him questioned thus: —“By the vague general phrase ‘labour’ do you mean *quantity of labour*, or do you mean *value of labour*? Price in a market, you affirm, is governed and controlled by labour; and therefore, as double labour will produce double value, as decuple labour will produce decuple

value, so, inversely, from double value you feel yourself at liberty to infer double labour, and from decuple value to infer decuple labour. In this we all agree—we moderns that are always right, and our fathers that were always wrong. But when you say *that*, when you utter that unimpeachable truth, do you mean, that from double value could be inferred double *quantity* of labour; as that in Portugal, for instance, because the same cotton stockings will cost thirty shillings which in England may be had for fifteen, therefore two days' labour is required, on the bad Portuguese system, to equal in effect of production one day's labour on the English system? Is this what you mean? Or, on the contrary, is it this, that therefore the *value* of labour (that is, wages) may be inferred to be double in Portugal of what it is in England?” Mirrors are undoubtedly cheaper by much amongst us English people in 1843 than they were in the year of Waterloo. I saw, in 1832, a small one of eight feet high, the very fellow to one which, in 1815, had been used for the very same purpose, of filling up a five feet recess, overarched by wooden carvings, between two separate compartments of a library, and thus connecting the two into the unity of one. In every point—of dimensions, of reputed quality, of framing, and of application—the two mirrors were the same, and both had been manufactured on a special order to meet the disposable vacancy; yet the one of 1815 had cost forty-eight gui-

neas, the one of 1832 had cost only thirty pounds. Now, in reporting from Adam Smith labour as the ground of value, and in applying that doctrine to this case of the mirrors, is it *your* construction of the word "labour" that the young mirror had cost so much less than the old mirror in consequence of fewer days' work being spent upon it, or in consequence of the same precise days' work (no more, and no fewer) being paid at a lower rate? I abstract from the quality of money in which the wages happened to be paid. We are all aware that, between 1819 and 1832, there was full time to accomplish that augmented value of money which the believers in the war depreciation\* suppose

\* "*War depreciation.*"—I do not intend to say one word upon this much-agitated question in so short a work. I will not therefore deny the alleged depreciation of 1811, &c.; for *that* would be arrogant in a place which allows no room for assigning reasons. This, however, I may say without blame, that no proof, good in point of logic, has publicly been ever offered in evidence of the depreciation; consequently, no previous presumption has been created in favour of the supposed counter-movement of the currency, as a possible movement. But the reason why at all I refer to the case, is for the sake of negating the pretended countenance of Ricardo to the war depreciation. True, he maintained this opinion nominally. But when it is understood that, by Ricardo's definition of depreciation, any separation of the paper currency from the metallic standard (whether growing out of a higher Brazil cost of gold, or out of a real fall in the paper; expressed in a merely apparent rise of gold) equally satisfied *his* conditions of a depreciation, it becomes plain that the whole doctrine vanishes in smoke.

to have been the natural *antistrophe*, or inverse series of motions pursued by our English currency under the speculative measures of Sir Robert Peel in his earlier years. For a moment, therefore, the reader might fancy that the cheapness of the one mirror was no more than an expression of a currency re-established in power, and that the dearness of the other had been a mere nominal dearness. But this fancy is destroyed by a comparison with the mass of other commodities, all of which must have been equally affected (if any had) by a fall and rise in the value of money. The dilemma, therefore, resolves itself into these alternative propositions; viz. that the later and cheaper of the mirrors had been produced through some smaller quantity of labour, or else that the same unvarying quantity of labour had been obtained at a very much less rate of wages. Now, which of the two alternative explanations does that man declare for, who adopts the vague language of labour being the foundation of price? Does he make his election for quantity of labour, or for value of labour? Either choice will satisfy the mere understanding for the moment, since either will explain the immediate phenomenon of a large, and else unaccountable difference in the prices of the two mirrors: but one only will satisfy Political Economy, because one only will stand the trial of those final consequences into which economy will pursue it.

Greatly it has always surprised me, that Ricardo



should not have introduced in his first chapter that *experimentum crucis* which, about four years later, I found myself obliged to introduce in "The Templar's Dialogues;" because, as the matter now stands, Ricardo's main chapter is not so much a proof of his new theory as an illustration of it. For instance, he begins by saying that, in the earliest period of society, the hunter and the fisherman would exchange their several commodities on the basis laid down; viz. a day's produce of the one against a day's produce of the other.\* But if any opponent had gone a step further, so as next to suppose the case of a master fisherman employing twenty journeymen, and the hunter employing a similar body of ministerial agents, the whole question under discussion would have come back in full force upon the disputants. Circumstances would immediately have been imagined under which the quantities of labour had altered for the same produce, or (which is the same thing) where the produce had altered under an unvarying quantity of labour. Opposite circumstances

\* Cavils might be raised against this statement having no reference at all to the real question at issue—viz. quantity of labour against cost of labour—by showing that oftentimes the produce on one side might be none at all. But such cavils would be unsubstantial; they would affect, not the principle, but simply the mode of estimating, or rating, quantities under that principle. The same principle of labour rated by quantity would continue to govern, though the modes of computing that quantity might grow continually more complex.

would have been imagined where not the quantities, but the rewards, or prices of labour, had altered; and then, thirdly, circumstances would have been imagined where both alterations had been in motion simultaneously, the one in the fisherman's business, the other in the hunter's. And the resulting prices would have been affirmed to be the same under all these varying circumstances, or to be in any degree capriciously different, according to the views of the writer. Simply as illustration against illustration, one case is as good as another, until it is shown to involve an absurdity. Now, it is true that obscurely, and in a corner, Ricardo *does* indicate an absurdity flowing from the notion of wages governing the prices of the articles produced. But this absurdity should have been put forward pointedly and conspicuously, in the front of the main illustrative case between fishermen and hunters; whereas, at present, it is only said, that thus does the hunter, thus does the fisher; and, upon either doing otherwise, that the other will remonstrate. To be sure he will. But the case demanded a proof that neither party *could* do otherwise. Such a proof let me now attempt.

CASE THE FIRST—where the *quantity* of labour governs the price.

A beaver hat of the finest quality has hitherto cost two guineas. At length, after centuries of beaver-hunting, which have terminated in altering the very habits of the animal, compelling it to become shy and recluse

where once it had been careless and gregarious,\* naturally the price of a beaver hat will begin to advance. But why? What is the essential movement that has taken place? The novice will object that it is not in the quantity of producing labour; for assuredly the process of manufacturing a beaver skin into a hat will not have been retrograde: if it changes at all, it will be for the better; instead of the former process, will gradually be substituted a shorter. Or, if it should seem not so much a short process that superseded a long one, as a cheap process that superseded a dear one, still in any case it would be for the better. And in fact, though a cheaper process may seem at first sight different from a shorter, eventually they will be found to coincide. For how can it be cheaper? Either, first, by dispensing, through some compendious contrivance, with part of the labour, (in which case it is cheaper, obviously *because* it is shorter;) or, secondly, because something (whether implement or material) at a low price is substituted for something formerly used at a higher price. But in that case why *was* the old displaced article at a higher price? Simply because it required more labour to produce it. This truth is illustrated in the present objection: the novice objects that the hat does not cost more, on account of more labour being required to manufacture a hat, but because the raw material is more costly: and this

\* For this change in the habits of the beaver, see the reports of hunters, Indians, Canadian half-breeds, &c.

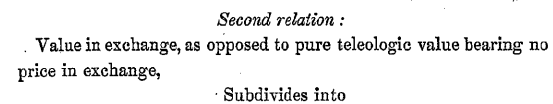
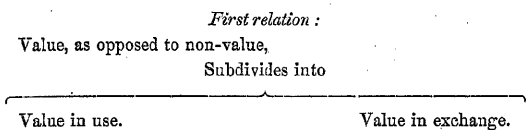
strikes him as being quite a separate element in the cost of an article, and perfectly distinct from the labour spent in producing that article. All this, however, is misplaced ingenuity. The raw material seems to be distinct from the producing labour; but in fact it is the same thing: it is part of the producing labour contemplated in an earlier stage. The beaver can be valued only as the hat is valued; on the same principle applied at a different time. How is the manufacturing process more or less costly? Exactly as it requires more or less labour. How else is the beaver more or less costly? That also, viz. the raw material, can vary in cost only as it requires more or less labour; that is, twenty men, fifteen, or ten, within the same number of weeks, to secure a given quantity of beaver skins. The manufacturer of rum, of arrack, of ale, of perry, speaks of the labour employed in his own particular process of distillation, brewing, fermentation, as antithetically opposed to the raw material on which his skill is exercised. But this is only because naturally he abstracts his attention from processes belonging to a stage of labour *previous* to his own stage, and with which earliest processes personally he has no connexion. Up to the moment which brings the raw material into his own hands, he *postulates* that article as thus far a product unknown to himself; viz. so far as it is a product from a skill or science not within his own profession. Else he is well aware that the sugar, the rice, the malt, the pears, all alike are valued,

and *can* be valued, only upon that same consideration of so much labour applied to their production, which consideration it is that assigns a value and a price to the final product from his own professional series of operations.

SECTION VI.—ON THE TECHNICAL TERM—  
VALUE IN USE.

I. It has been already explained, that the capital and influential error of Adam Smith, in his famous distinction between value in use and value in exchange, lies in his co-ordinating these ideas. Yet how? Are they *not* co-ordinate? Doubtless they are sometimes; doubtless they divide sometimes against each other as collateral *genera* of value; that is, whenever each excludes the other. In the case where a particular value in use has no value at all in exchange, there the two ideas stand in full antithesis to each other, exactly as Adam Smith represents them. But, secondly, value in use is often not co-ordinate but *subordinate* to value in exchange. Value in use sometimes *excludes* all value in exchange—that is one mode. But value in use sometimes so entirely *includes* exchange value as to form in fact but one subdivision of that idea; one horn out of the two into which exchange value divaricates.

This has been sufficiently illustrated in the last section, and it may be repeated once for all in this logical type or diagram:—



Any man acquainted with logic will apprehend at once the prodigious confusion likely to ensue, when *genera* and *species*, radical ideas and their subdivisions, are all confounded together. A glassful of water, taken out of a brook in England to quench a momentary thirst, has only a use value; it stands opposed as a *collateral* idea (not as a *filial* but as a *sisterly* idea) to value in exchange. And the two hostile ideas jointly, compose the general abstract idea of value as opposed to worthlessness; they are its two species as in diagram I. But, on the other hand, a glass of medicinal water, having its value measured by the resistance to its production, is not opposed co-ordinately to exchange value; it ranks *under* exchange value as one of two modes:—1. Teleo-

logic power (=use;) 2. Cost. It is only requisite to look back upon the case of the musical toy in Canada, selling, under peculiar circumstances, for a price founded on its teleology; whilst in London or Paris, at the very same time, in contempt of this teleology, (or consideration of serviceableness,) it sells on the principle of its cost, in order to see value in use no longer collateral and opposed to value in exchange, but on the contrary, to see it coinciding with exchange value, and as one subordinate *mode* of exchange value, (incapable, therefore, of opposition to exchange value,) to see it dividing against cost as the other mode. In general, it may be said, that value in use, as excluding value in exchange, has no place in political economy; from the moment when it begins to interest the economist, it must be because it happens to coincide with the value in exchange: it has itself become the value in exchange.

Here lay the original error, the *πρωτον ψευδος*, viz. in the false position of use value, as if always and necessarily contra-arranged to exchange value; whereas often enough the use value becomes for a time the sole basis of the exchange value. But this first error is followed by two others.

II. How came Adam Smith to say of water, that it bears little or no value in exchange? You might as well say that abstractedly, and without reference to *specific gravity*, pine timber was heavy or not heavy: it is heavy or not in the absolute sense, as you take much

of that timber, or little of that timber. Specific gravity, indeed, already presupposes a past collation of weights, because it compares the weights under equal bulks: and then it becomes reasonable to say that lead is heavy, else the proposition is unmeaning. A little water, and in the wrong place, has no value: a great deal of water, and in the right place, even in watery England, has a very great value. Not merely as a fishery, but as a bath for swimmers; as a reservoir, or Roman "castellum," for supplying the domestic purposes of a city; as a torrent, or water-power, for turning machinery; as a dock for shipping, as an anchorage for boats, as a canal for transporting great bulks and weights of commodities—water is often incalculable in its exchange value. The late Duke of Bridgewater derived a larger rental from one of his canals, than perhaps he could have done from half the diamonds in the regal treasuries of Europe or of Asia.\* How has a man, in comparing water

\* "Of Asia." The Asiatic princes notoriously put a higher affirmative value on this kind of personal ornament, than has in any age been allowed to it in Europe. The queen of Great Britain, so mighty a potentate, has usually (whether queen consort or queen regnant) worn diamonds and rubies on her coronation day, worth about one hundred thousand pounds. The king of Oude, a petty Indian prince, raised to that supreme rank by ourselves, has repeatedly, on his own person or his son's, worn such jewels to the value of two millions sterling. In Christendom, Prince Esterhazy's "best coat" overlaid with diamonds, is the most costly single article known, or not known to pawnbrokers, but it is not valued at more than half a million sterling.

with diamonds, the right of staking against any single diamond one ounce of water, rather than ten thousand ounces, or than ten million ounces, or these rather than a grain? Even the ancients, little as they knew of political economy, knew better than this. Before they attempt a comparison between two commodities, they are careful to assign the particular quantities (usually the weights) between which the equations shall be made. Aurelian, for instance, would not allow his wife a silk (or possibly a silk velvet) gown, because he thought it too dear for authorizing by so authentic a precedent. But *how* dear? At that time, (say 250 years after Christ,) it was *ισοστασιον τῷ χρυσοῦ*, drew in the scales against gold; a pound weight of the silk tissue exchanged for a pound weight of gold at the ordinary alloy. Thus Plautus, in his *Epidicus* [Act. iii. sc. 3.]

"Næ tu habes servom graphicum, et quantivis pretii!  
Non caru' est auro contra."

"Indeed you have an accomplished slave, and worth any money!  
He is cheap weighed against gold: *i. e.* against his own weight in gold."

Otherwise, says an old French commentator, he might be sold *au poids de l'or*; and so in many scores of places. To make an intelligible valuation in gold, the *weight* of the article in question is assumed as the basis of the equation. Else it is the old Cambridge problem—*Given the skipper's name, to determine the ship's longitude.*

III. How came Adam Smith (by way of retaliation

for stripping water of its exchange value) to say, that diamonds have little or no value in use? Diamonds realize the "use" contemplated by political economy quite as much as water. Water has the exchange value of diamonds, diamonds have the use value of water. The use means the capacity of being used, that is, of being applied to a purpose. It is not meant that, by possessing value in use, a thing is useful—is valuable—*quoad commodum* or *quoad utilitatem*, but valuable *ad utendum, utendi gratia*, with a view to being used; not that it accomplishes some salutary or laudable purpose, but that it accomplishes a purpose—however monstrous, pernicious, or even destructive to the user; and that its price, instead of being founded on its cost, (or the resistance to its reproduction,) is founded on its power to realize this purpose. From the Greek word for a purpose, (or final cause,) *viz.* *τελος*, (*telos*,) we have the word *teleologic*; to denote that quality in any subject by which it tends towards a purpose, or is referred to a purpose. Thus the beauty of a kitchen-garden, of a machine, of a systematic theory, or of a demonstration, is said to be teleologic; as first of all perceived upon referring it to the purposes which it professes to answer. On the same principle all affirmative value, or value in use, is teleologic value—value derived from the purpose which the article contemplates.\*

\* It would, however, be much more convenient in an amended political economy, (that is, an economy in which not only the great

Lastly, upon any other explanation of the word "use," as part of the term "value in use," the puerility of the consequences must startle every man whose attention is once directed to the point. It is clear that political economy neither has resources nor any motive for distinguishing between the useful and the noxious; it is clear that political economy has quite as little of either, for distinguishing between the truly useful and the spuriously useful. No man has paid for an article less or more because it is fascinating and ruinous; no man has paid for an article, either less or more, because it is dull and useful. On what fiction, therefore, or under what pretence, should political economy insinuate doctrines should be formally harmonized and expanded, but in which also a better terminology should be introduced, wearing the simplicity equally with the broad applicability of an algebraic language,) that some such term as *teleologic* or *affirmative* should be reserved conventionally, in order to meet the following case:— By teleologic value, unless specially restrained to a more technical service, would naturally be understood the case, a very common one, where the selling price of an article (the exchange value) happened at the moment, or was supposed for any purpose of dispute, to found itself on the use value. But we need also a term expressing this use value—for instance, the value of atmospheric air, in cases where it is not only contemplated apart from any exchange value, but where essentially it repels all exchange value. In such a conventional restriction of its acceptation, the term teleologic value would become tantamount to the term *riches*, as rightly and sagaciously set up in a separate chapter of Ricardo, by way of a counterpole to all exchange value whatever. Ricardo has been liberally assaulted for this antithesis as *prima facie* absurd and irrelative; verbally it seems so. But the *ζυγος*, the *dualism* of these polar ideas, riches and value, is a mere necessity of the understanding, and returns upon the severe thinker after all verbal efforts to evade it.

her proboscis into such enquiries? She may "hope that she is not intruding;" but it is certain that she *is*: and if a value can be tolerated which founds itself on the useful, then with equal reason may be introduced a value founded on the virtuous, or a value peculiar to Birmingham, to Wednesday, to Friday, and to Robinson Crusoe.

But whilst "the useful" must be deplorably impertinent as a subject of enquiry to political economy; the "use" of any article in the sense of its purposes, functions, or teleological relations, as furnishing the ground for their values or prices, will offer one entire hemisphere in that field of science. And for this reason, because the purpose which any article answers, and the cost which it imposes, must eternally form the two limits, within which the tennis-ball of price flies backward and forward. Five guineas being, upon the particular article x, the *maximum* of teleologic price, the utmost sacrifice to which you would ever submit, under the fullest appreciation of the natural purposes which x can fulfil, and then only under the known alternative of losing it if you refuse the five guineas; this constitutes the one pole, the aphelion or remotest point to which the price for you could ever ascend. But, on the other hand, it is quite consistent with this potential teleologic price, that, considered as a product, (not as itself a power for raising products,) measured in its value by the resistance to its own endless reproduction, x might not be worth more than five shillings.

The cost of reproducing might be no more. And so long as that state of things subsisted, you would not listen to any call made upon your ultimate or teleologic appreciation. You would insist on the appreciation by cost—on the five shillings—so long as nothing hindered the reproduction upon those terms. Here you have the other pole, the perihelion, countervailing the higher extreme which comes into play, only in that case where circumstances suspend the free reproduction of the article. These, therefore, constitute the two limits between which the price must always be held potentially to oscillate. Consequently *for itself* this pair of limits—the use and the cost—the use as the positive or virtual measure, the cost as the measure by resistance, must be as all-important as the other pair of limits between the useful and the noxious must be impertinent. But, secondly, the former pair of limits is also the basis or ground of genesis from which the whole science is eventually developed.

Thus, by way of brief illustration, a genuine picture of Da Vinci's or Raphael's, sells *always* on the principle of value in use, or teleologic value. An enlightened sensibility to the finest effects of art—this constitutes the purpose or teleologic function to which the appreciation is referred; no regard is paid to the lower limit, founded on the difficulty of reproduction; that being now, and ever since the death of the great artists, a limit in the most absolute sense unapproachable. It is right,

therefore, to say that the picture sells for its use, *i. e.* its capacity of being used or enjoyed; and that this price cannot now be intercepted (as so generally the affirmative prices of articles *are*) by a price founded upon cost of reproducing. So, again, the phial of prussic acid, which you buy in a remote Australian colony, accidentally drained of its supplies, at a price exorbitantly beyond its ordinary cost, must be classed as a price founded on value in use, notwithstanding that I will assume it to have been bought with a view to self-destruction. It would argue great levity of heart to view in the light of a useful thing, any agency whatever that had terminated in so sorrowful a result as suicide. Usefulness there was not in the prussic acid, as any power sufficient to affect or alter the price; but a purpose there was, however gloomy a purpose, a teleologic use attached to the acid, under the circumstances supposed. Now, if this purpose is considered in the price, then the use of the article, its teleologic function, has operated; and in bar of its more customary ground. But, it is perhaps retorted, "considered! why, the purpose, the application, the possible uses of an article, must *always* be considered in the price; for, unless it promised those uses, there would be no price at all." True; and this it is which always causes a confusion: that even in the common case where merely the cost it is which cuts off from a possible line that section of the line representative of the price, still it is the affirmative uses of the article which

make it first of all conceivable for any such line to exist. The cost cuts off, suppose from a valuation of twenty, (as corresponding to the affirmative use of the article,) six as corresponding to itself; but that the twenty should at all exist, without which even the six would be impossible, is due originally, and in all cases, to the affirmative ground—not to the negative, and in those cases even where the negative price actually takes effect. This, however, does not disturb the principle—that, whilst the affirmative value only can cause any fund at all to be available for price, alternately it is either that affirmative value or the negative value of cost, which settles how much out of this fund shall be in fact disposable for price. Here, for instance, as to the prussic acid, always it must be the capacity of this acid to meet a purpose which could cause *any* price at all to arise. And this effect of affirmative value must *always* continue to act, even when the ordinary state of things shall have been restored by some English vessel bringing an abundant supply of the acid, and after the cost or negative value shall have been reinstated as the operative price. This primary and *latent* action of the affirmative value must not be for a moment forgotten. In fact, the confusion arising out of this one oversight has been the real cause why the idea of value has never yet been thoroughly and searchingly investigated. It must be remembered that in every case of price alike, whether *terminating* in a negative or affirmative result, invariably and necessarily

it commences on affirmative grounds. Without a purpose contemplated, no article could be entertained in the thoughts for a moment as even potentially susceptible of a price. But, secondly, this being presumed to be realized as a *sine qua non* condition, then always a twofold opening arises: the original, intrinsic, affirmative value, has first determined the possible quantity of money, &c., available in the extreme case for price, say twenty. But in the last step it is *either* this affirmative value, *or* the negative, which settles how much of that twenty shall be cut off and rendered effective—whether the entire twenty, or perhaps only one. And in the very delicate management of forcesso contradictory coming *always* into a collision, or into the very closest juxtaposition, it cannot be wondered at that the popular and hurried style of thinking in economy has led most men into confusion.

Before concluding, it may be well to remark that even the Pagan Greeks, ignorant as they necessarily were on political economy, perceived the main outline of distinction between affirmative and negative price.

A passage exists in the "Characteristics" of Theophrastus, which presents us with this distinction in a lively form, and under circumstances which will prove interesting to the reader. By pure accident, this passage came under the separate review of two eminent scholars—Casaubon and Salmasius. Greater names do not adorn the rolls of scholarship. Casaubon was distinguished for his accuracy in the midst of his vast



comprehensiveness; and every page of his writing is characterised by an overruling good sense. Salmasius, on the other hand, was too adventurous to be always safe. He was the man for riding steeple-chases—for wrestling with extravagant difficulties—or for dancing upon nothing. Yet, with all the benefit from this caution of his intellectual temper, upon the passage in Theophrastus did Casaubon write the most inexcusable nonsense; whilst the youthful Salmasius, at one bound of his agile understanding, cleared the “rasper” in a style that must have satisfied even the doubts of Isaac. The case illustrates powerfully the uselessness of mere erudition in contending with a difficulty seated in the matter—substantially in the thing—and not in the Greek or Latin expression. Here, in Theophrastus, it was not Greek, it was political economy, that could put it to rights. I will give the very words, construing as I go along, for the benefit of non-Grecian readers. *Και πωλων τι, and when selling any article, μη λαγειν, not to say, (i. e. it is amongst his characteristic traits not to say,) τοις ωνουμενοις, to the purchasers, ποσου αν αποδοιτο, in exchange for how much he would deliver it, αλλ' ερωτην, but to ask—Ay, “but to ask”—What is it that he asks? Casaubon, we are concerned to report, construes the words thus—*ecquid inveniat damnandum?*—*what is it that he (the purchaser, I suppose) finds to complain of?* But, besides that such a rendering could not be sustained verbally, it is still worse, that this*

sense, if it *could* be sustained, would be irrelevant. How would it be any substitution for the plain declaration of what price he asked, to turn round upon a buyer, and insist upon that buyer's saying what blemish could be detected in the article? And then, venerable Isaac, in which of your waistcoat-pockets did you find the word *damnandum*? And again, as the Greek expression had been plural, *τοις ωνουμενοις*, to the purchasers, whence comes it that the verb is *ερωταει*, and not *pluraliter ερωτικουσι*? Ought Casaubon to have been satisfied with that blunder, so apparent, on *his* construction, in the syntax?

Salmasius saw the truth at a glance. *His* version needs no justification: itself justifies itself. Thus it is: “*τι ερωταει; ad verbum quid invenit? hoc est, quid pretium mereat hæc res; quanti valeat?*” Instead of saying at a word how much he demands, our knavish friend insists upon asking, *τι ερωταει;*—“*What does it fetch? What do we say, gentlemen, for this glorious sabre from Damascus? What price shall I have the honour of naming for these jeweled stirrups from Antioch?*” The antithesis designed is gross and palpable: that it *is* the antithesis, and sharply drawn, between affirmative and negative price—power price (in reference to the power in the article to fulfil human purposes) as opposed to resistance price, (or price measured by the amount of resistance to its reproduction)—price, in short, regulated by what *x* will produce in opposition

to price regulated by what will produce  $x$ —all this (which is but the same idea under three different formulæ) will appear at once by the following reflection:—What is it that Theophrastus imputes to him as the form of his trickery? (whatever might be its drift.) It is—that he evaded a question to himself, and turned round upon the company with a question of his own. Now, it is evident that the question of price, when thrown into the negative form as a question about the cost, was a question for *him* to answer, and not for the company. The cost could be known only to himself. But, when our friend has taken his resolution of translating the *onus* to the buyers, the only way to accomplish this is—by throwing that question about price into a shape which only the company could answer. “Nay, gentleman, how can *I* tell the value? Every man knows best what pleasure or what benefit he will draw from an article. Do you mind your own business: the cost is *my* business; but yours is—the worth of the thing for use; for your uses, not for mine.” Scamp seems to have the best of it: *their* benefit from the article could not be affected by the terms on which he had acquired it. And thus even Hellas was *up* to this elementary distinction.\*

\* Salmاسius subsequently explained his view of the passage in a short paraphrastic commentary, which agrees exactly with the present in pointing to the double form of exchange value, except as to the temper of the vender, whom Salmاسius (doubtless warped by the title of the particular chapter in Theophrastus, viz. Περὶ

#### SECTION VII.—MODES OF CAPITAL AS AFFECTING VALUE.

FINALLY, there arises a modification, first indicated by Ricardo, of value, from the different proportions in which capital, fixed or circulating, predominates in the production of the articles. In this case, it can very often no longer be said that the prices of the resulting articles, according to the general rule of Ricardo, vary as the quantities of the producing labour—a disturbance of that law occurs.

The difference between what is called fixed capital and what is called circulating capital, has often been represented as shifting and shadowy. However, without entering upon that dispute further at this point, it will be sufficient to say, that they *may* be distinguished essentially. Circulating capital, in its normal idea,

*Αὐθαδῆς*) conceives to be acting in the spirit of insolence. This is part of what Salmاسius says, “Superbus et contumax venditor designatur his notis a Theophrasto—qui” [*i. e.* venditor] “merces suas quanti vendat indicare dedignatus, emptorem interroget—quanti valeant, et quo pretio emi dignæ sint?” True: this is the nature of the substitution which he makes, but not the spirit in which he makes it. Not as disdaining to declare at what price he sells, but fraudulently, as seeing an interest in evading that question, does Scamp transfer the right of question to himself, and the duty of answer, to the other side. He transfers it from negative value to affirmative.

means any agent whatever used productively which perishes in the very act of being used. Thus, wages are conveniently said to be for a month, a week, or a day; but, in fact, a commensurate "moment" of wages perishes upon every instant of time. So of candlelight or gas, so of the porter or drink of any kind allowed by the master of a manufacturing establishment—none of it holds over for a second act of consumption. That part which may accidentally survive, is a part wholly distinct, not concerned at all in the first act. But in fixed capital this is otherwise. The workman's tools hold over from one act of production to a thousandth act. The same identical chisel, saw, grindstone, and not successive parts of them, have operated on many hundreds of cases; and by how much larger has been the range of these iterations, by so much the more intensely is the tool, engine, or machinery, entitled to the denomination of fixed. The leading case under circulating capital—what we chiefly think of—is wages; the leading case under fixed capital is machinery.

Now, in practice, although one kind of capital often preponderates, rarely is it found altogether to exclude the other. Where wages, for instance, form the main element of cost, there will yet be implements required; and, inversely, the most extensive machines require human vigilance, direction, and sometimes very considerable co-operation. But, though this is always the practical case, for the sake of trying the question, it is

better to suppose an extreme case, in which alternately the products arise exclusively from a machine, demanding no aid whatever from circulating capital, and again exclusively from human labour, demanding no aid whatever from capital fixed in stationary machines or instruments. On such an assumption, Ricardo undertakes to show that the commodities produced in the first case could sustain a far greater fall in price under the same change in the circumstances, and with the same injury (no more and no less) to the manufacturing capitalists, than those produced in the second.

He bids us suppose a case of circulating capital, where, for the production of certain articles, two thousand pounds annually are paid in wages. We are to suppose an opposite case, in which two thousand pounds have been sunk in a very durable machine for producing a particular set of articles. Now, the annual profits will be the same for both parties: say, at ten per cent, two hundred pounds. Consequently we may say of the total products turned out from either establishment—that they will sell for two thousand two hundred pounds in the first case, for two hundred pounds in the second. Some trifle should be added for current repairs on the machine, and also another trifle as a sinking-fund for replacing the machine finally—yet, as this machine is of variable duration, and in one case calculated to last for a century, both provisions are uncertain, and frequently too inconsiderable to affect the results, so that they may be safely neglected.

Now then, such being the circumstances of the two cases, suppose a rise in wages of two per cent to affect the prices of articles issuing from the first establishment. For a time this is peculiar to that establishment; it does not reach the second at first, because *that* by the case pays no wages. But at last it reaches the second set of products also, through the rebound upon profits. The two per cent extra on wages will be forty pounds in the whole. Now, the loss upon wages must be borne by profits. But the forty pounds levied upon two hundred pounds will reduce the prices of the articles by that amount, *i. e.* twenty per cent; whereas the forty pounds levied upon the two thousand two hundred pounds, is simply transferred to the labourers, and the price continues as it was.

The case here imagined by Ricardo, and which is subsequently varied through lower stages of durability, greatly disturbing the violence of the results as to price, is exceedingly important by its tendency. And he goes on to show, what will naturally have suggested itself to the student, that between different sorts of fixed capital there is the same difference of tendency as between fixed and circulating. And why? Because the durability, which forms the ground of the generic distinction between fixed and circulating, varies also, and therefore becomes a ground for a special distinction, between any different orders of the fixed. When a man sows corn, which is intensely circulating capital, he seems absolutely and violently to throw it away. But this eventually

comes back to him in a new shape. But on every year he renews this violent sacrifice of capital. Other modes of capital, in an opposite extreme, as a thrashing machine, last for his life or even longer. Now, the intermediate modes, such as horses, next cows, carts, rakes, as they outlast uses continually less durable, come nearer and nearer to the principle of the circulating capital; and consequently the difference of result upon price, under any changes occurring in productive agencies, tend more and more to become evanescent.

This is the amount of Ricardo's restriction applied to his own general principle of value. An objection, made by Malthus, which to himself appeared fatal, stumbled in the very statement, not conforming to the conditions presupposed by Ricardo. There is, however, some degree of obscurity still overhanging this final section of Ricardo's great chapter on value; and for a large *system* of political economy, which, without regard to names, should endeavour severely to settle the truth as affecting every part, this particular section would require a more searching consideration. But in a little work professing only to state the separate principles (which happen to be fundamental) and the separate *theory* of Ricardo, there seems no reason for extending the enquiry beyond the limits fixed by his own views.

## CHAPTER II.

## ON MARKET VALUE.

A VERY short chapter, and a very bad one, (the worst in the whole series,) has been introduced by Ricardo upon *market value*, quite out of its natural place; it stands fourth in succession by the arrangement of the first edition; whereas it ought, upon any principle, to have ranked immediately after the first. I mention this because the dislocation of the chapter from its true place naturally suggests the cause of its unsoundness; it was a hurried after-thought, introduced to provide for inconveniences which, until they had begun to crowd upon his experience, the writer had not previously anticipated. What was Ricardo's specific object in this chapter? Was it, as in his great inaugural chapter on value, to amend or reconstitute the old notions current upon this important section of economy? By no means; for that construction of his object, there is no opening, since he neither objects to any one point in the old definition and old employment of the idea, nor does he add silently or indirectly any new element to that idea; he neither am-

plifies the use of this idea, nor regulates by any limitation its logical relations. As he found it he adopts it; as he adopts it he leaves it. Every other chapter formed a distinct precedent against his title to write this. But it was his necessity which threw him upon such an anomaly. He found that a case was gathering upon him, which would else call in every page for a distinction and a caution. As often as it should happen—that either to the question of rent, of profits, of wages, or of foreign trade, he should apply his own new laws of value, he would be eternally crossed and thwarted by one and the same form of objections; viz. by those which are drawn from market value.

He would be supposed, by the unskilful student, always to overlook *that* from which always and systematically he abstracted. The modifications to value, arising out of accidental disturbances in the market, out of casual excesses or casual defects in the supply, are in fact no objections at all. The capital and ruling law determine such an article  $A$  to be worth 25. Then supervenes a modification, which, by accident, is equal in virtue to 3; if this modification (from a *defect* in the supply) happens to be + 3, in that case the result will be 28; if it happens (from a corresponding *excess* in the supply) to be - 3, in that case the resulting price will be 22. But alike in either case the original determination of the primary law has had its full effect. To have reached 28, when a casual disturbance arose from an

additional 3, argues sufficiently an original or natural price of 25; to have settled at 22, when a disturbance had arisen equal to the effect of subtracting 3, equally argues back to the original price of 25. Consequently all such disturbances are vainly alleged as answers to the capital laws of value, or as in the very least degree objections to those laws. As well might it be said that gravitation is not gravitation, because a magnet is so placed as to affect the velocity of descent. The gravitation, you may rely on it, exerts its full power without abatement; and all which is neutralized by the magnet, must be fully accounted for. This is what Ricardo contemplates in the 4th chapter. He wishes to check the rash reader by a timely caution—"Do not go on complicating the matter to no purpose, by eternally submitting every assertion upon price to the disturbance of a well known irregularity. We are all alike aware of that irregularity. It is an irregularity as regards its amount in any particular case; but it is perfectly regular in its mode of action. We cannot tell beforehand what will be the supply of an article in relation to its demand; that is uncertain and irregular; but, once known and certified, we can all anticipate its effects."

The case was the same precisely as when Ricardo announced beforehand that he should neglect the variations in the value of money. What could be the use of stating every proposition as to price three times over; first, in the contingency of money remaining stationary;

secondly, in the contingency of its rising; thirdly, in the contingency of its falling? Such an eternal *fugue* of iterations, such a Welsh triad of cases, would treble the labour of writer and reader, without doing the slightest service to either. Within ten pages it would become a mere nuisance. Why not, once for all, abstract from such regular irregularities, which affect no principle, but merely tend to make every conclusion needlessly operose and perplexing? That was the course which Ricardo *did* take in the case of money: he announced his intention of abstracting from all disturbances of that nature: he made it understood, that from this point onwards he would always assume money as ranging at its stationary natural value; that is, at the value predetermined by the cost, without looking aside this way or that to changes in the value from the momentary market supply.

Now, then, exactly that same intention of abstracting from the casual oscillations of a market, which he had announced in regard to money, here in this 4th chapter he desires to announce universally with regard to all other articles whatsoever. He will fatigue neither himself nor his readers, by entertaining an eternal set of changes which can be rung upon all cases alike, and which affect no principle in any.

Having thus shown what it *was* that Ricardo designed in this chapter, (*viz.* a general *caveat* through all time coming, as to a particular useless practice;) and secondly, what it was *not* that Ricardo designed, (*viz.* a new view

of the subsisting doctrine on market value;) thirdly, let me have permission to show what it was that he *ought* to have intended. He ought to have disengaged the old doctrine from a foul logical blunder, which (if not the very greatest in political economy) is certainly the greatest upon a point of equal simplicity, and the greatest for practical effect.

What is "market value?" Does it mean value in a market? Precisely upon that blunder has turned the whole distortion of this doctrine, which else, and separate from its misconstructions, is essential to political economy. Let the reader ask himself this question:—What is the antithesis to "market value?" Upon *that* there is no dispute: all are agreed in calling it "natural value." And what does natural value mean? Confessedly it means the value which is central to the oscillation right and left, arising from supply either redundant or defective. Consequently, whilst market value means value as it is disturbed by such oscillations, natural value (being the direct antithesis) means value as it is *not* disturbed by such oscillations. Such being the nature of this famous distinction, how shameful an error it has been in all writers since the idea of market value was first introduced, and much more so in Ricardo, the great *malleus hereticorum*, that they speak of "the actual value," \* *i. e.* the present or existing value, as

\* "*The actual value.*"—"Actual," in the sense of *present*, is one of the most frequent (but also of the most disgusting) Gallicisms.

a term interchangeable with that of market value. Ricardo does so in the very first sentence of his 4th chapter. "In making labour the foundation," &c., "we must not," says he, "be supposed to deny the accidental and temporary deviations of the actual or market price of commodities from this their primary and natural price." Actual or market! why, that would stand, if "market price" meant "price in a market;" but it means nothing of the sort. And, if it was designed to do so, then I ask, for what was it ever introduced? Exactly because price in a market is not always the same thing as market price, was this latter phrase ever introduced, and guarded as a technical term. Every man will grant that the "actual price" may happen to coincide with the "natural price;" he will grant also (for he must) that actual price may happen at another time to coincide with market price: but if actual price, or existing price, may at one time coincide with the technical term market price, and at another time with its direct antithesis—that is, may coincide indifferently with A or with non-A; with what colour of decency could a man make actual price and market price to be convertible terms; that is, essentially united, and yet by necessity at times essentially opposed?

*L'état actuel des armées Françaises*, is good French; but to say in English, "the actual condition" &c., is a jargon of foreigners. *Actual* in English can never be opposed to *future*; it is with us the antithesis, 1st, and generally to *possible*; 2d, to *contingent*; 3d, to a representation existing only in words, or by way of pretence.

Adam Smith it was who first brought up the distinction of market value. What did he mean by it? He meant, value of any article as adfected (purposely I use the algebraic term) by the state of the market, disturbed from its equilibrium. He was not ignorant that no *quantity* of an article, whether in excess or in defect, could ever mainly fix the price: the cost it is only that could do *that*; but the quantity in the market would, *if not level to the demand*, be a coefficient in regulating that price. Sometimes this quantity might be a great deal too much for the demand; sometimes it might be a great deal too little; and, accordingly, as either case happened, it would (by raising or by depressing) modify the simple result obtained from the cost. Having thus set up a term, viz. market value, to express cost value as adfected by quantity in excess or in defect, next he looked out for a contradictory term, (viz. natural value,) in order to express cost value as it is *not* adfected by quantity in excess or in defect.

These two terms, therefore, express the two opposite poles of a *law*. They indicate always an agency of law. But the terms actual value, or value in a market, express only a fact. When you speak of the actual value, meaning in good English the present or existing value, you cannot but be aware that it might coincide equally with the cost price *as* adfected by quantity, or with the cost price *as not* adfected by the quantity; that is, with technical market price, or with technical

natural price, (which is non-market price.) The actual price of a coach-horse, for instance, "sixteen hands high, grand action, six years old," will generally turn out to be a "*market price*" in the true technical sense; for horses never travel entirely out of that circle: they are always somewhat in excess or in defect. And the reason of this is, that the breeding of horses cannot adapt itself fast enough to the oscillations in the demand. It is not until an oscillation in one direction has begun to make itself felt steadily in the prices, that it is assumed to be certain, and acted upon; and by that time it is too late to countermand the scale of arrangements which has already been in action through four years back. Hence, in horses, or wherever it is impossible to equate the supply abruptly with an altered state of the demand, large elongations occur, this way or that, between the oscillating market price (reflecting the cost adfected by the quantity) and the steady central price, or natural price, (reflecting the cost only, without regard to quantity.) On the other hand, whilst horses are perhaps always at market value, boots and shoes are never known to bear a market value. Some variation may occur slowly in the price of hides, and therefore of leather. This, however, is not much, where no changes happen in the course of foreign trade, and none in the duties. As to the manufactured article, there is so little reason for supplying it in any variable ratio, and shoemakers are notoriously such philosophic



men, and the demand of the public is so equable, that no man buys shoes or boots at any other than the steady natural price. The result of this difference is seen in the two orders of men, shoemakers and horse-dealers. The horse-dealer is always too clever; whilst it is in no scorn, but in thankful remembrance of such men as Jacob Boehmen, &c., that Mr Coleridge and many others have declared the shoemakers' craft to be the most practically productive of meditation amongst men. This has partly been ascribed to its sedentary habits; but much more, I believe, depends upon the shoemaker's selling always at natural, never at unnatural or market price; whilst the unhappy horse-dealer, being still up to his lips in adfected price, and absolutely compelled to tamper with this price, naturally gets the habit of tampering with the buyer's ignorance, or any other circumstance that shapes the price to his wishes.

Market price, therefore, is so far from meaning the rude idea of price in a market, that such a term would never have been introduced as a technical distinction, except expressly for the purpose of contradicting that rude idea. This, it was felt, might or might not happen to include the double affections of cost and quantity. But what the economist wanted was a term that always should, and must include them; and, observe, no sooner has he got his term, trimmed it, fought for it, than instantly he unsettles it from its foundation.

With one Alnaschar kick he destroys the whole edifice upon which he has employed himself so painfully.

But is this confusion of the idea the worst result from the defeated doctrine? By no means. A crazy maxim has got possession of the whole world; viz. that price is, or can be, determined by the relation between supply and demand. The man who uses this maxim does not himself mean it. He cannot say, "I think thus; you think otherwise." He does *not* think thus. Try to extract price for wheat from the simple relation of the supply to the demand. Suppose the supply to be by one-tenth part beyond the demand, what price will *that* indicate for eight imperial bushels of the best red wheat, weighing sixty-four pounds a bushel? Will the price be a shilling, or will it be a thousand pounds? You guess that the first would be too little, and the second too much. Perhaps so; but what makes you "guess" this? Why, simply, your past experience. You fancy yourself ascertaining the price by the relation of supply to demand, and, in fact, you are ascertaining it by privately looking for the cost in past years; the very thing that you had pledged yourself to dispense with.

Now, mark how a man does really proceed in solving such a problem. He finds upon enquiry that an excess in the supply of wheat by one-tenth, will cause a depreciation perhaps by one-sixth: the accident of excess has told to the extent of a sixth. But of what? A

sixth of what? Manifestly, a sixth upon the last price of wheat. The pretended result, that could be known by knowing the mere amount of excess, now turns out to be a mere function of the former cost, previous to the depreciation. But that price includes the whole difficulty; for always the price of wheat will express the *cost* in the first place, as the principal (oftentimes the sole) element. This call *c*. Then, secondly, the other (the movable) element of the price will represent any modification upon this *c*, by means of too much or too little wheat in the market. This modifying element of quantity call *q*; and then any existing price in any particular corn-market will always be  $c + q$  in the case where there is a deficiency; always  $c - q$  in the case where there is an excess; always  $c$  (*i. e.* a monomial) in the case where there is neither deficiency nor excess, consequently where market price does *not* take place, but, on the contrary, the price which contradicts market price, or, in Adam Smith's language, natural price.

Thus it is shown, by pursuing the problem to the last, that every possible case of technical market value (that is, not value in a market, but value in a market whose equilibrium has been disturbed) cannot by possibility rest upon a single law, (whether cost on the one hand, or relation of supply to demand on the other,) but of necessity upon two laws; briefly, that it must be a *Binomial*. It is scandalous and astonishing that

Adam Smith, the introducer of this important distinction, should himself be the first, in very many cases, to confound it with its own formal antithesis. It is still more scandalous that Ricardo—actually making war upon the logic of Adam Smith, and founding his theory upon a much severer logic—should equally have confounded the law of market value with the direct contradiction to that law. Both did so under the misleading of a verbal equivocation\* in the term "*market*;" and the possibility of this equivocation would be banished henceforth by substituting for "*market value*" the term Binomial value.

\* "*Verbal equivocation.*"—What equivocation? some readers will say. For though a false result is somehow obtained, it does not instantly appear how the word *market* has, or can have, led to this result by two senses. But it *has*. In one of its uses, and that the commonest by very much, the word *market* indicates a *FACT*, and nothing more, viz. simply the *ubi* of the sale. But, in another use, this word indicates a *LAW*, viz. the *conditions* under which the sale was made; which conditions are the three several states of the market as to the balance existing between the quantity of any article and the public demand for it. Every market, and in all times, must offer of every commodity, either first, too much for the demand, or secondly, too little, or thirdly, neither too much nor too little; and the term "*market value*," when pointing to such conditions, points to a coefficient which in part governs the price. But in the popular use, where it expresses only a fact, it points to a mere inert accident having no tendency to affect the price.

## CHAPTER III.

## WAGES.

THERE are four elements in the condition of every working body, which (like so many organs of a complex machine) must eternally operate by aiding or by thwarting each other. According to the social circumstances at the time given, these elements must act either in the same direction or in different directions; and conformably to the modes of *combining* the action under four distinct causes, operating by different proportions, and often in conflicting directions, must be the practical result—the tendencies upwards or downwards which will affect wages universally.

The four elements are these:—

1. The rate of movement in the POPULATION: Is *that* steadily advancing or slowly receding? Does *that* tend to raise the value of wages, or to depress it?
2. The rate of movement in the national CAPITAL: Is *that* advancing or receding? And does it *pro tanto* therefore tend to raise or to depress the rate of wages?
3. The fluctuations in the price of necessaries, but,

above all, of FOOD: Are those fluctuations from one-decennium to another tending, upon the whole, to an advance or to a decline? Is the price of food from century to century, when taken with its complementary adjunct in the price of clothes, fire, and lodging, such as, upon the whole, to sustain wages—to stimulate wages—or to depress them?

4. The traditional STANDARD OF LIVING: Is *that* fortunately high and exacting in its requisitions? or is “man’s life,” to cite a strong word from Shakspeare, (whose profound humanity had fixed his attention upon the vast importance of a high scale in domestic comfort,) —“is man’s life cheap as brutes’?” Is it in short an old English standard\* which prevails, or a modern Irish

“*An old English standard.*”—Upon this subject there exists a most inveterate prejudice in Scotland, which ought not to be hard of overthrow, being absolutely unfounded; only that to be attacked with success, it must be attacked upon a new principle. It is universally held by the Scotch, or rather postulated as a point confessed and notorious, that the English, as compared with themselves, are a nation luxurious in diet. Now, as to the Scottish gentry, this notion is a mere romance; between them and the English gentry there is no difference whatever in that respect. But, on descending below the gentry, through all the numerous classes of society, you will certainly find a lower diet prevailing in Scotland; and, secondly, a lower regard to diet. As compared with the Scottish, it cannot be denied that the English working classes, and the lower class of shopkeepers, *were* (I wish it could be said *are*) considerably more luxurious as to diet. I know not whether this homely diet of Scotland has, upon the whole, proved an advantage for *her*; very sure I am that a more generous diet has

standard? Is it that standard which elevated the noble yeomanry of England through six centuries, or that which has depressed to an abject animal existence the been a blessing of the first order to England. Even as regards health, there is something to be said for a more *genial* diet. That diet, which leads people to indifference for eating, may sound more philosophic; but it is not the healthiest: on that point there are conclusive experiments. On the other hand, considered as a political advantage, a high standard of diet is invaluable. Many are the writers who have properly insisted on the vast benefits, in periods of scarcity, which accrue to nations enjoying a large latitude of *descent*; whereas the Swedish or Scottish nation, from habitual poverty of diet, (though fortunately a diet improved and improving through the last hundred years,) finds itself already on the lowest round of the ladder, whenever the call comes for descending. In a famine what can be *their* resources? This, however, is but one of the great national benefits arising from a high standard of diet. The others lie in the perpetual elevation which such a standard communicates to wages, and to the expectations generally of the labouring classes. Through this higher tone it is, in part, that the English working order has for a century fought up against the degrading tendencies of population, irregularly stimulated. Their condition has often locally deteriorated; but, under a lower standard of general domestic comfort, England would, by this time, have approximated to the condition of Ireland.

The fact, therefore, of a less luxurious diet for the working classes of Scotland, may be conceded without conceding an unmixed advantage. I have no personal interest in defending a more luxurious standard, being myself a mere anchorite as to such enjoyments; but I cannot overlook the advantage to a nation, that under ordinary circumstances, its whole level of enjoyment should be raised pretty high. Meantime, the main practical question is still unsettled. Because the English working class is luxurious (or *was* so) by comparison with the same class in Scotland, must it therefore follow that the English working class is luxurious in any positive sense?

Irish serfs; and depressed the houseless lazzaroni of Naples, Peru, and Mexico, to a sensual dependence upon sunshine and sleep? To these four elements some

Relatively to one sole nation it is so: but that one nation is not Europe—is not the world. This has been quite forgotten by the Scotch. And upon a large enquiry it becomes evident beyond all possibility of dispute, that Scotland realizes a noticeable extreme in that respect; France and Germany the opposite extreme; and that England stands between these two extremes, but much nearer to the Scottish extreme than to the Franco-German. Mere ignorance can shut a man's eyes to this relation of things. Any man having had opportunities of observing the French emigrants in England, or who remembers the testimony of Mr Cobbett, jun., and other qualified witnesses, to the enormous voracity of the French peasantry, or who reflects on the fact that women universally are untainted in England with the vice of *gourmandise*, and that any women who have made themselves memorable in England by this vice, (as, for instance, the Duchess of Portsmouth, with others that I could add,) were French women; that the French only have cultivated cookery as a science, and have a large gastronomic literature; or who knows any thing of the experience in English inns, when French prisoners of war were quartered upon them; will laugh at the idea that the English lower classes in *such* neighbourhood can need any defence. But the Germans are worse than the French. Let a man make himself acquainted with the *universal* duration and excess of the dinner throughout Lower Germany, and he will begin to rectify his opinions upon this subject. Upper Germany is worse still; and Austria, in particular, wallows in sensuality of *all* kinds; but in none so much as that of good eating. Many travellers are beginning to publish the truth on this subject. One in particular, a very clever man, founds upon this one vice (which, too laxly, he calls the *continental* vice) no small share of the continental poverty. They spend their time, (says he,) which justly he alleges is their money, on good cooking. This charge, observe, applies to

hasty thinkers would add a fifth, viz. the relative quantity of work to be done—and this certainly is important; for, undoubtedly, if the population should increase, it will be a balance to that increase if the national work increases by the same proportion; and it will be more than a balance if the national work should increase more than proportionally. But the element of work to be done is already expressed implicitly in the two first elements of population and of capital; for, if the popula-

seventy millions of men. Even of the Prussian army, he remarks, that "the *lusty roundabout*, rather than a muscular growth," which strikes the eye in that military body, "is no doubt derived from the good living to which" at home they have been "*accustomed* from infancy." Speaking of all France, and all Germany, the same traveller says, (p. 368)—"It costs at the least twice as much of human time and labour to dine five millions of French or German people as to dine five millions of English; and time and labour are the basis of all national wealth." Again, "the loss of time in the eating and preparation of food, forms a very important drawback on the prosperity of families on the Continent." Again, listen to this: "*Gourmandise* is found to be a vice as troublesome to deal with among *the French soldiery* as tippling with ours." The same vice is the cause of the French depredations in the field. The poor, he says, are infected with this vice, and betray it in their looks and teeth. Finally, he clenches the matter thus:—"In the total, it is fully a fifth of the time and the labour of a continental population that is *daily* wasted in cookery and eating." And what nation is it that he contrasts so favourably for itself with Germans and French? It is the English. And who is the traveller that makes this striking record? An Englishman, you fancy. By no means. It is a Scotchman, Mr Samuel Laing, in the year 1842. So perish opinions founded on a narrow and partial range of comparison.

tion increase, then the work of raising food must increase commensurately: and, again, if the capital increase, it will force some corresponding employment for itself by tentatively exploring every kind of new work that has any chance of proving profitable.

It is more important to notice, that all these four modifying causes of wages, though each separately for itself capable of several action, are also fitted to act in pairs, each two as a separate combination, *ζεύξος*, or *yoke* of forces. Thus No. 1, or population, will act on wages at any rate; but it will act differently according as it is supported or thwarted by concurrent changes in capital. Population moving forward too rapidly would, *ceteris paribus*, be unfavourable to the prosperous movement of wages; yet if No. 2, the national capital—*i. e.* if the funds for employing labour—should advance even faster than the labour, then it might happen that wages would rise, although under a state of the population otherwise unfavourable to wages. This conditional action of one element according to the state of the other is continually exhibited, and often ruinously, in our infant colonies. Work of some kind, in such colonies, there must be; for there is a population of some class and quality to feed and to furnish with dwelling-houses, firing, and the very coarsest manufactures; as to the finer, these are long supplied by importation. But with this primary basis for going to work, sometimes there is labour in excess present with

little capital for employing it; sometimes there is capital in excess, with no adequate labour of a proper quality for receiving the action of capital. Very lately, and therefore after all the benefit of our long experience on such subjects, the government commissioners sent down to Paisley (with a view to the relief of that town from her surplus population) shipped off to distant settlements in strange climates mechanics and weavers, who were found more useless for colonial labours than a band of mere gentlemen; having none of the hardy habits which, more even than practised skill, are requisite for rural industry, and, in general, for industry of that elementary class required in young or infant communities. And universally it may be said, as a first consideration in the general theory of colonization, that not only capital and labour should be harmoniously combined, so that neither agency may languish from defect of the appropriate re-agency, but also that labour itself, in its several subdivisions, should be more cautiously *assorted* than has generally been the case. Houses form an *instantaneous* class of necessaries in new colonies; those rare cases being excepted in which the season of the year and the climate allow of a long encampment.\* Yet how can houses advance harmoni-

\* "*Encampment.*"—Which mode of life, however, might be extended greatly, if some Asiatic plans of raising a circular, dry terrace for receiving the tent were adopted; and if, secondly, for canvass were substituted hides, tarpaulins, or other substances

ously (that is, in such a concurrency of the parts that one part may not be kept waiting for the other) unless the masons or bricklayers are in due proportion to the carpenters—both to the woodcutters and sawyers—and all four classes to the plasterers, slaters, (or tilers,) and glaziers? Or, again, supposing the forest game to be scarce, but that a river, frith, or bay, near to the settlement, offers an unusual abundance of fine fish, how injurious must be that neglect which should defeat this bountiful provision of nature by leaving unsummoned a due proportion of fishermen, boats, nets, &c., and, in some cases, of a curing establishment, completely mounted. Five hundred men thus employed might support the whole colony, and leave its main labour disposable for a wide variety of mixed pursuits; whilst, otherwise, the whole strength of the colony must be unavoidably sequestered into the one channel of raising subsistence. Mr Gibbon Wakefield's improvement in

resisting heavy rains. The Roman expression for a good substantial encampment was "*sub pellibus*"—*under hides*; but this is a point in the science of castrametation which we moderns have too much neglected, and perhaps chiefly from the following cause. To what professional art should we naturally look for the encouragement and improvement of tents? Manifestly to the military art. Now, unfortunately for this result, there is a growing indisposition amongst military men to the use of tents. Napoleon, it will be seen, in Las Cases, pronounced them unwholesome, and greatly preferred the practice of *bivouacking*—i. e., of sleeping *sub dio*—as respected salubrity. But this preference could not apply to tropical climates, or to others where the dews are very heavy.

colonization, first suggested about ten years ago, was the earliest step taken upon principle in the philosophic theory of this subject. He saw the fatal schism or divorce which took place continually between capital and labour. Rich men had hitherto bought vast tracts of land at a small cost, not with any view of really enclosing and cultivating their allotments, but in the confidence that a public interest would grow up in the colony, that *other* lands would be improved, and that their own private shares (however neglected) being well situated, and at length *insulated* by thriving farms, would benefit by the *reacting* value from the circumjacent lands; upon which consummation taking place, it would become *their* policy to sell. Thus was a considerable capital transferred to the colony, but not a capital which had much tendency to attract labour. Mr Wakefield's system put an end to this abuse, or, at least, to its ruinous operation upon labour. The funds raised by the sale of the colonial land were applied, under regulations of law, and by fixed proportions, to the transportation of proper working families; as fast as the land sold itself, so fast were the funds raised for the attraction of labour; consequently, the want, the chief demand, bred commensurately its own relief—land, as at any rate it is a call for labour, now became a pledge or security for labour. This was a great improvement. But there is still much of the colonizing theory in arrear as respects the organization, in more

salutary proportions, of labour according to its great capital varieties. We see that an army is a machine, not merely in the sense of its unity as to purpose through the great artifice of its discipline, but also through the variety of its arms, or organs, for services differing in kind, though yet co-operating to a common result. Social life requires a composition of the same nature in the adjustment of the labour by which it advances towards its purposes; and this composition cannot be neglected without deranging colonies in their infancy, by retarding, if such neglect of assortment does not wholly intercept and strangle, their expansive energies.

From all this, so far as we have yet gone, what is the inference? The inference is, that of the four great elements for determining wages, not one can be relied upon as an insulated or unconditional force; all are dependent upon each, and each upon all. For, if we call the rate of advancing population  $p$ , and the rate of advancing capital  $c$ , then, because  $p$  expresses the *supply* of men, and  $c$  expresses the *demand* for men, (since men are *supplied* in the ratio denoted by the growth of population, and men are *demand*ed in the ratio denoted by the growth of capital for employing them,) it follows that in fact  $p + c$  makes but one compound force as regards wages; the final effect upon wages being determined by the excess of either element,  $p$  or  $c$ , in its modification of the other. And again, if we denote the average rate of price, upwards

or downwards, upon the necessaries of workmen by  $N$ , and the traditional standard of living amongst the workmen of that nation by  $s$ , then will  $s + N$  express practically, through each period of a generation, not two separate forces acting upon wages, but one single force, resulting from the balance or intermodification between the two. In this way the treatment of the question is simplified: we are not called upon, like an Indian juggler, always to play with four balls at once. The four elements, working in pairs, become two; and the problem is this, to compute *à priori*, (that is, by inference from a principle,) or to trace *à posteriori*, (that is, experimentally,) the degree in which wages (known already as an average rate,) are modified for the present by the balance resulting from  $r + c$ , and secondly, by the balance resulting from  $N + s$ . Population as working against capital; price of necessaries as working against the old traditional standard of comfort—these, in effect, are the ordinary forces operating in the same direction, or in different directions, upon wages.

In illustration of this principle, we have had of late years a memorable case in our slave colonies. We all know at present, if we did not know at the time, that no legislative experiment was ever conducted with so much sentimental folly, and mischievous disregard of reversionary interests, as the *sudden* emancipation of our West India slaves—that is, the sudden admission to the rank of men, of those who, intellectually and in

self-restraint, were below the condition of children. Our own levity in granting was dramatically mimicked by *their* levity in using. They were as ready to abuse ungratefully as we to concede absurdly. At present we are suffering the penalties of our folly; and amongst them the mortification of seeing that ancient enemy of ours, always so full of light-minded precipitancy, and once in this very field of slavery manifesting that precipitancy in results so bloody, (causing, in fact, a general massacre of her own children by the legislation of fifteen minutes,) now, alas! building wisdom upon our irretrievable madness, and putting forth a statesmanlike providence such as used to be characteristic of our English senate, while that English senate has trifled sentimentally in the way once characteristic of Paris. The French scheme now in preparation is as thoughtful and cautious as the English scheme, unhappily irrevocable, was pitifully frantic. More truly and comprehensively than ever that word was applied to such a case, it may be said that the British Parliament *ruined* the West Indies. For if Spain by her narrow policy ruined both herself and her magnificent colonies, it cost her three centuries to do so; but we “did the trick” in about as many years—a consummation that could not have been possible except in the case of sugar-colonies, which were in reality mere factories. All human follies, however, whether tragic or comic, must have their



better and worse scenes.\* And this was the more to be expected in the West Indies, as circumstances forbade any free circulation of labour between the several islands. Accordingly, in some islands, where the balance upon  $p + c$  was particularly favourable to the la-

\* It struck many as the coolest specimen of audacity on record, that not long since a governor of one amongst our English colonies absolutely made it the subject of solemn official congratulation, in writing home, that the emancipated slaves were buying up the estates of their ancient masters. (This language of triumph had been held before, but not before by any official person.) And how? Did *that* proclaim any real advance on the part of the slaves? The purchase money had been accumulated chiefly in their days of slavery, and formed therefore the emphatic measure and expression of the kindness and liberality with which they had been treated. But, after all, the true revolution was in the masters: not the slaves had prospered by the change, but the masters had been ruined. The capital being gone which should have cultured the estates, naturally the estates became often nearly worthless; and *under those circumstances* it was, that the wretched negro, by uniting himself with his fellows, became the new proprietor. Was *that* any subject of congratulation and self-glorification for a wise man? It is too late now to be wise for the ends of justice. The proprietor has retired, if he was rich—has perished, if he was poor. The social system has been wrecked; property is in ruins; capital has fled. Beginning, as it *has* done, in spoliation, the edifice of society now stands upon an evil footing in the British West Indies. But this will soon become worse, (as we may read in the experience of Hayti,) unless some redress, such as is yet possible, shall be applied to the anti-social disorders which threaten those colonies. And the nature of this redress cannot be better learned than in the French policy of the Duc de Broglie, or (as to this point) in the still more cautious policy of his partisan opponents.

bourer, (as, for instance, in Jamaica and Trinidad,) there the derangement of all social interests upon this harlequin experiment was total. The slaves, by relation to the funds for employing them regularly, were in defect, whilst the funds for employing them irregularly, *i. e.* so as to set their natural superiors at defiance, were vast. For, amongst other follies, our senate at home had quite forgotten to make any regulations against their throwing themselves for luxurious indolence (the besetting vice of negroes and lazzaroni) upon the ample waste lands. The same state of things amongst the negroes—the same capital oversights in Parliament—applied also to part of our continental colonies, as British Guiana. But, on the other hand, in islands like Antigua and Barbadoes, where the natural circumstances were different,  $p$  in relation to  $c$  being much nearer on a level, and no such plentiful resources for idleness to fall back upon, the blow fell more lightly.  $n + s$ , as being probably near to the same level in all these islands, might be safely neglected in a question of wages. Now, from this West Indian condition of the labouring class, suddenly summoned to a mighty revolution by a legislature which took no thought *of* this condition, nor *for* this condition, turn to a labouring class ranking in the opposite extreme amongst European nations. The Swiss population are not, *per se*, (that is, by any superiority of nature, intellectual or moral,) an interesting race. But, by their social econo-

my, they are amongst the most respectable working orders on the Continent. Their population advances, in some places, in the healthiest way—not by excessive births counterworking excessive deaths, but by few deaths (locally not more than one annually upon seventy-five) compensating their few births, (sometimes one annually upon forty-five.) The rate of increase is therefore generally moderate. On the other hand, capital is nearly stationary. Thus far, therefore, as concerns P + C, the situation of Switzerland is not hopeful; and, but for emigration, (which in Switzerland does not act as it will do generally—to defeat itself by extra stimulation to the rate of population,) the distress would be much greater than as yet it appears to be. But why is this? By what privilege in her institutions or usages, does Switzerland escape the curse which has so continually besieged the Scottish Highlands, and other regions of a redundant population? There is nothing romantically fine in the present condition of the Swiss. On the contrary, they are a nation of low-toned sensibility; and, from the languor amongst them of all religious principle, they are in danger of great eventual demoralization. But, in the mean time, they struggle with some success against the downward tendencies of their situation; and they do not yet exhibit a squalid Irish surplus upon their population—one out of four, fierce, famishing, and without prospect of regular employment. Still less do the Swiss carry the contagion

and causes of pauperism amongst their next neighbours, as do the Irish. Their own cup of woe has long been full for the Irish; and through the last score of years, or since the improvement of steam navigation, its overflowings have been settling ruinously upon England\*

\* It is perfectly astonishing to hear one mistake current upon this subject. Because the New Poor-law, amongst its many heavy offences against Christian wisdom, sanctions this one measure of natural justice—that, upon becoming chargeable to an English parish, the Irish pauper (*if found to be without a settlement*) shall be shipped back to Ireland—it is therefore assumed that the evils of Irish pauperism *quoad* ourselves are now corrected. How so? Was *that* the main evil? It might have become such under the action of a known trick practised locally in Ireland. Subscriptions were at one time raised in certain districts for shipping off mendicants to English ports: at a present cost of one guinea a-head, the town or district in Ireland got rid permanently of those whom it could bribe into emigration. This policy, which is not surprising when played off by a poor country against a rich one, has certainly been crushed in an early stage by the Poor Bill; but, however ruinous that policy was by its menace, actually it had not been realized upon any very large scale. The true ruin of Irish pauperism to England and Scotland is far different, and not of a nature to be checked by any possible Poor Bill. This ruin lies, first and chiefly, in the gradual degradation of wages, English and Scotch, under the fierce growth of Irish competition; secondly, in the chargeableness of Irish pauperism, once settled, (or for any reason not liable to removal,) upon funds English and Scotch. In Scotland the case is even worse at present than in England; for there the Poor Laws are in so desperate a condition of craziness, by original insufficiency, that the Government will now be violently compelled into an interference with evils too monstrous to be longer tolerated. The Scottish aristocracy have, in this one instance, manifested a bigotry of opposition to the reforms clamor-

and on Scotland. Now, Switzerland at least evades these evils: she neither exhibits misery in her own bosom, as the Scottish Highlands often, and Ireland

ously called for by the exposures of Dr Pulteney Alison, such as could hardly have been anticipated from a patriotism so sincere as theirs. But the abuses are too crying for any further attempt at disguise. The one great evil of the Scottish Poor-laws lies in the mockery of its own professed purposes, in the mere idle simulation of a relief which too often is no relief at all. Cases are before the public in which half-a-crown, or even one shilling, *per annum*, is the amount of each pauper's dividend. But when the evil of public distress becomes too gigantic to be trifled with in that way, then it is seen, in mighty cities like Glasgow, to what extent the parasitical pauperism of Ireland has strangled and crushed the native vigour of the land. Paisley, with a sudden development of pauperism in 1842, beyond all proportions that had ever been supposed possible, was compelled to draw heavily upon alien funds; and yet, with all this non-local aid, both Scotch and English, the sheer impossibility of feeding adequately the entire body of claimants coerced the humane distributors of the relief into drawing a line between Scotch and Irish. Then it was that the total affliction became known—viz. the hideous extent in which Irish intruders upon Scotland had taken the bread out of her own children's mouths. As to England, it has long been accepted as a fair statement, that fifty thousand Irish interlopers annually swell the great tide of our *native* increase, (say two hundred and twenty or two hundred and forty thousand *per annum*,) already too rapidly advancing. Yet how has this twofold increase met with any final absorption? In fact, it might be replied, that latterly it has *not* been absorbed; and so far as there was any distress at all through the year 1842, (a distress which, on the faith of many public returns, I greatly doubt—excepting, first, as distress will *always* exist in so vast a working population forced into a variable sympathy with every part of the globe; and excepting,

for ever; nor is she the rank cause of misery to neighbouring nations, as is Ireland. But again I ask, through what advantage or privilege of her situation? The

secondly, the *local* distress of Paisley, Glasgow, Stockport, Leicester, &c.,) it is to this partial non-absorption of extra labour, falling in with dreadful American derangements of commerce, that the domestic pressure has been owing. A man might, however, demur to the *possibility* of so much alien labour crowding into our great labour markets. Where, he might say, is the opening for so much new labour? And especially since the tendency has been, of late years, not to limit the virtual amount of labour for each person, but (by greatly extending the labouring hours, with the result of at last forcing an interposition from the legislature) materially to augment that individual amount. There has, however, been a change in the channels of labour favourable to the concurrent increase of labour numerically, and of the separate labour for each, and so far favourable to this tide of Irish intrusion. Even where the absolute work to be done has but little increased, the numerical increase of labourers has been great, through the growing substitution of female for male (and above all of childish for adult) labour. Three girls of thirteen, at wages of six shillings to eight shillings a-week, have by myriads displaced the one man of mature age, at wages varying from eighteen shillings to forty-five. This revolution has *not uniformly* been injurious, even to the English working classes; or, at least, its injurious reaction upon the adult working population has not yet had time for reaching its full display. But to the Irish family, starting from so low a *standard* of domestic comfort, the change has acted as a bounty. And in this triple race of the English labour against machinery—against Irish competition—against infant competition—has lain the real opening and possibility for that cruel encroachment upon infant health and happiness, which has at length awakened the thunders of public indignation, never again to be laid asleep. At present there is this one sole barrier of *self*-protection for English labour; viz.

answer is undeniable: it is simply through her high patriarchal standard of comfort and respectability. In some countries, merely through the one habit of living too much abroad and in the open air, it has happened that a very low standard of comfort or pleasure is connected with the domestic hearth. *Home* is not there a word of sanctity or endearment. This is the case pretty widely upon Italian ground, and not solely amongst the *lazzaroni* of Naples. This is the case in Peru, in Mexico, and indeed more or less every where in South America. The genial climate has defeated itself as a blessing. Co-operating by its own temptations with the constitutional luxurious languor in the natives, the climate has become a withering curse to the better instincts of the people. But Ireland, but Switzerland, have not been subject to that mode of temptation.

the high domestic standard of comfort inherited from English ancestors. Left to itself, that barrier, so long assaulted and shaken, would soon give way entirely; and the English labour market would be finally prostrated to a level with any, the very basest, human degradation ever witnessed amongst Oriental slaves. This protection, if it survives at all, will survive through the yet energetic spirit of the English working man. But in the accidents of his situation there is one collateral encouragement to the English native. Machinery, which has so often stranded him for a time, is at length likely to depress the bounty on Irish intrusion; the infant-labour revolution probably has reached its *maximum*; and, in the mean time, Ireland, it may be hoped, by railroads, by good government, and by growing capital, will soon be preparing better days for her own children at home.

Welcome the apparent curses, which (like labour itself) finally become blessings, of stern northern climates! Yet the same temptation, in effect, has operated upon both, through a different channel. The luxury of excessive indolence had, from the earliest period, fascinated Ireland into a savage life. A scale almost brutal of diet and of lodging had already long reconciled itself to the Irish feelings in the labouring class, when the fatal gift of the potato stepped in to make the improgressive state compatible with a vast expansion of the population. To Switzerland, agitated nobly by the storms of the Reformation, and starting from a much higher point of self-valuation, such a temptation proved none at all. To this day she adheres indomitably to the ancient habits of her fathers. Other nations preserve their economy through their morals; Switzerland preserves her morals through her economy; and even yet her children will not marry without guarantees for the continued prospect, in the coming generation, of what they witnessed in the last. And thus two nations, not originally standing upon a very different basis of landed wealth, are now seen in the most absolute repulsion to each other, upon the two polar extremities as to comfort and self-respect.

## SECTION II.

HITHERTO we find nothing peculiar to Ricardo in the forces acting upon labour. It was necessary to notice these four elements in that complex machinery which finally moulds the vicissitudes of wages; but, after all, it is only one of the four, viz. the current price of the articles essential to a poor man's household, which can, by any sudden change, produce a correspondingly sudden change upon wages. The rate of increase upon population, the changes incident to capital, the national traditional standard of domestic life—all these are slow to move, and, when they *have* moved, slow to embody themselves in corresponding effects. Population, for instance, perseveres often through generations in the same prevailing rate; and if this rate should, from any cause, sustain the most abrupt change, it would take a score of years before that change could begin to tell upon the labour market. But the fourth element, the daily cost of necessaries, alters sometimes largely in one day; and upon this, therefore, must be charged the main solution of those vicissitudes in wages which are likely to occur within one man's life. The other forces vary, by degrees fine and imperceptible, so as to affect the condition of working men deeply and radically from century to century. But such an effect,

though sure, and important to the historical grandeur of nations, is not rapid enough to be concurrent with the corresponding changes upon other functions of productive power. We look for an agency upon wages able to keep abreast of these other agencies, fitted by its easy motion for receiving *their* effects, and for returning to *them* a continual modification from itself.

Here, therefore, it is, upon this one force out of four which control the price of labour; viz. upon the poor man's household consumption for the diet of his family, for their clothing, their lodging, for the annual dividend upon the cost and maintenance of his furniture, (amongst which only the beds and bedding are expensive,) for his fuel, (sometimes, from land-carriage, costly,) for his candles and his soap, with a small allowance for medicine and medical attendance, and too often (though most naturally) a large one for strong liquors—upon these *items* in a poor man's expenditure it is, that the main agency of change settles—schooling for his children he generally obtains *gratis*.

Now the reader is aware, that, according to Ricardo's view, an expenditure on this humble scale is chiefly determined by the costs of production upon the land. Yet why? The furniture and the clothes (with the exception of the woollen or iron parts amongst them) do not arise from the domestic soil, though much of the food *does*; yet, even amongst *that*, the tea and the sugar (two very important articles) are wholly foreign;

and all the other articles, except fuel, are trivial in price. Certainly it must be granted that the habit of estimating the labourer's expenses by the cost of his diet, (nay, exclusively by one item of his diet—bread,) is radically false; and of *that* Ricardo is sensible, though apparently he does not allow sufficiently for the true proportion held. The corn-law incendiaries here, as every where when they approach the facts or the principles of the question, betray an ignorance which could not be surpassed if the discussion were remitted to Ashantee or Negroland. They calculate a change of ten per cent upon wheat as if it meant a change of ten per cent on wages, (though, by the way, often denying elsewhere that wages at all sympathize with the price of food.) Now, suppose the total food of a working man's family to cost two-fifths of his total wages, and suppose that of these two-fifths one moiety, *i. e.* one-fifth of the wages, is spent upon flour, and oatmeal, and bread; in that case a change of ten per cent upon wheat will amount to one-tenth upon one-fifth of the total wages. But one-tenth of one-fifth is one-fiftieth, or two per cent upon the total wages; so trivial is the result upon wages from a change in wheat which is very considerable. Suppose the change upon wheat to be even as much as fifteen shillings less upon sixty, *i. e.* twenty-five per cent, then the total change will be one-fourth of one-fifth, which is one-twentieth—that is, five per cent upon the total wages; and every body is aware that a fall of fifteen shillings upon sixty,

is greater than we often experience in any single season. Ricardo, indeed, attempts to justify the supposition, that, as a natural state of things, an English labourer might spend one-half of his wages upon wheat, (p. 106,) and the other half upon "other things," by alleging (p. 97) that "in rich countries a labourer, by the sacrifice of a very small quantity only of his food, is able to provide liberally for all his other wants." No; not necessarily. That remark arises only through a neglect (habitual to Ricardo) of the antagonist principle, which is eternally at work to compensate the declensions of land, by countervailing improvements of endless kinds: so that at this time, all over western Europe, there cannot be a doubt that, with a far worse soil as the regulating soil for cost, wheat is cheaper than it was a thousand years ago. Yet, if Ricardo were right in supposing a labourer to spend half his wages upon wheat only, then his beer, bacon, cheese, milk, butter, tea, and sugar, must proportionably cost, at the very least, all the rest of his wages; so that for clothes, lodging, fuel, to say nothing of other miscellanies, he would have no provision at all. But these are romantic estimates, and pardonable in Ricardo from his city life, which had denied him, until his latest years, all opportunities of studying the life of labourers.

Meantime it will not be denied, that flour and bread compose an important item upon the labourer's house-keeping, though not by possibility so important as Ri-

cardo chooses to fancy. Now then, so far as this flour and bread are obtained from a soil continually worse, (since, 1st, population forces culture for ever upon worse soils; and, 2dly, the very worst always gives the price for the whole,) so far the flour and bread would be continually dearer were there no such compensating law as that which I, almost too frequently, have noticed, for the reason that Ricardo too systematically forgets it. Let us also forget it for the present, so as to pursue the principle of wages more clearly by pushing it into an extreme, which in practice does but rarely take place to that extent. On this basis the following short extract from Ricardo, (p. 105-106,) accompanied by a single word of commentary, will explain the whole of what is peculiar to Ricardo in his theory of wages:—

“When wheat was at L.4 per quarter, suppose the labourer's wages to be L.24 per annum, or the value of six quarters of wheat, and suppose half his wages to be expended on wheat, and the other half (or L.12) on other things, he would receive

L.24, 14s.	}	when wheat	{	L.4	4	8	}	or the va-	{	5-83	quarters.		
25, 10s.			}	was at	{	4			10	0	}	5-66	quarters.
27, 6s. 8d.			}		{	5			2	10	}	5-50	quarters.

He would receive these wages to enable him to live just as well, and no better than, before; for, when corn was at L.4 per quarter, he would expend for three quarters of corn, at L.4 per quarter,

. L.12	0	0
And on other things,	12	0
	0	0
	L.24	0

When wheat was at L4, 10s., three quarters of wheat would cost	L.13 10 0
And other things,	12 0 0
	L.25 10 0
When at L4, 16s., three quarters of wheat would cost	L.14 8 0
Other things,	12 0 0
	L.26 8 0

“In proportion as corn became dear, he” (the labourer) “would receive less corn wages, but his money would always increase; whilst his enjoyments, on the above supposition, would be precisely the same. But, as other commodities would be raised in price, in proportion as raw produce entered into their composition, he would have more to pay for some of them. Although his tea, sugar, soap, candles, and house-rent would probably be no dearer, he would pay more for his bacon, cheese, butter, linen, shoes, and cloth; and therefore, even with the above increase of wages, his situation would be comparatively worse.”

The principle of advance is this:—When wheat was at 80s. per quarter, the labourer had received L.24; when wheat rose to 90s., it might seem that he should receive L.27; because 80 : 90 :: L.24 : L.27. But, in fact, he receives only one-half of the difference, viz. 30s. His wages are now L.25, 10s. Why is this? Because only one-half of his original wages had been spent on wheat. But the full development of this principle I refer to the chapter on Rent, that I may not be obliged to repeat myself.

## CHAPTER IV.

## SECTION I.—RENT.

THE particular situation of this chapter in Ricardo, placed immediately after the chapter on Value, is not without significance. By placing the consideration of Rent where he *does* place it, he is to be understood as viewing Rent under the idea of a disturbance to Value. Under that fiction, or at least under that relation, selected from other relations equally conspicuous, he brings up the question before his own bar. For the ordinary and continual disturbances of value, growing out of the varying proportions between fixed and circulating capital, Ricardo had allowed, in a striking part of his opening chapter. He had shown conclusively, that the universal principle of varying quantity in the producing labour as the cause of varying price, is subject to two modifications; as, first, that the price will be greater in the case where circulating capital predominates, than in the opposite case where fixed capital predominates; secondly, that the tendency will be in the same direction, according to the degrees

in which the fixed capital has less and less of durability; for the plain reason, that so far the fixed capital approximates in virtue to the separate nature of circulating capital. These are settled re-agencies of co-causes, which sometimes arise jointly with the great general cause of price, sometimes arise singly, and sometimes not at all. They must not be called anomalies or irregularities, any more than the resistance of the air is an irregularity or *exception* to the law governing the motion of projectiles. It is convenient to abstract from this resistance in the first steps of the exposition. But afterwards, when you allow for it, this allowance is not to be considered in the light of any concession, as if originally you had gone too far, and now wished to unmask the whole truth by instalments. Not at all. The original force, as you had laid it down from the first, continues to be the true force: *it exerts its whole agency, and not a part or fraction of its agency*, even under the co-presence of the opposing and limiting cause. If, being left to itself, it ought to have reached an effect of 50, but, under this limiting force, it *has* fallen to 35, then the true logic is not to say that it has yielded to an exception, or suffered an irregularity: on the contrary, all is regular. Since, if at first sight, it seems simply to have lost 15, (which, *pro tanto*, seems an irregularity,) on severer examination it appears to have expended that 15 on neutralizing a counter-agency; so that the total force exerted has been equally 50 ac-



ording to the theory, and according to the true concrete case of experience.

Now, then, is rent a disturbance of value simply in the sense of being a modification, (as here explained,) or does it suspend and defeat that law? Ricardo has not pushed the question to that formal issue; but, generally, he has endeavoured to bring the question of rent into immediate relation with value, by putting the question upon it in this shape—"Whether the appropriation of land, and the consequent creation of rent, will occasion any variation in the relative value of commodities, independently of the quantity of labour necessary to production?" Whether, in short, the proportions between the two labours producing A and B will continue, in spite of rent, to determine the prices of A and B; or whether this law will be limited by the law of rent; or whether, in any case, this law will be actually set aside by rent? Upon Adam Smith's principles, rent introduced a new element into price. Is *that* so? It is the question moved at present.

So important a question brings forward the obligation of investigating the new doctrine of rent as a duty even for Ricardo, who else could not have any particular interest in discussing a doctrine which had not been discovered by himself. The modern doctrine of rent was, in reality, one of those numerous discoveries which have been made many times over before they *are* made; that is, it had been ideally detected at different eras by

some inquisitive and random intellect, prying where it had no business, several times before it was perceived to involve those weighty consequences which give dignity to the truth, by giving practical motives for remembering it. Ricardo had been acquainted with this truth for nearly two years when he wrote his own book. It is not improbable that, *previously* to this knowledge, he had tentatively sketched his theory of value; but he must have been impeded by the defect of such knowledge in carrying out this theory into a satisfactory harmony with the laws regulating wages and profits; for both these presuppose the law of rent. Without knowing rent and its principles, it is impossible to know the principles which control wages in the first place, and profits in the second.

Natural it is, when a man enters upon a new theme, that he should introduce it by a definition; and, as regards what logicians call the *nominal* definition, such a course is perfectly right. But as to the *real* definition, this is so far from taking precedency in the natural process of thought, that, on the contrary, it ought to be the last result\* from the total discussion. However,

\* "*The last result.*"—A remark very nearly approaching to this is made by Edmund Burke in some part of the little "Essay on Taste," prefixed to his "Essay on the Sublime." Burke, however, a very young man at the date of that work, was not sufficiently cautious. At that time his philosophical reading and meditation could not have been extensive, and he neglected to qualify the

without insisting upon this, what *is* the definition? "Rent," says Ricardo, "is that portion of the produce of the earth which is paid to the landlord for the use of the original and indestructible powers of the soil."

Can this definition be sustained? Certainly not. The word "*indestructible*" is liable to challenge; and, in order that the student may see *why*, first let me explain to him under what prepossession it was that Ricardo introduced that word. He was thinking of the *casual* and the *intermitting* when he suggested the *indestructible*. At p. 50 and 51, he notices two cases—one being the case of a Norway forest, and the other of a coal-mine or a stone-quarry—where Adam Smith had applied the popular term "rent" as strictly pertinent. But Ricardo thinks otherwise. In any one of these cases he views the payment for the mine or quarry, colloquially called "the rent," as no rent at all in any strict sense. Now, as against Adam Smith, in the *quoad hominem* sense, the censure of Ricardo is not applicable: *he* is but consistent; for he could not be bound to any strictness of distinction growing out of a doctrine which in *his* days was unknown. But understand Ricardo as speaking of Adam Smith in an argument spoken *to* more modern

resulting definition as the *real* one, in contradistinction to the nominal. Naturally, and almost inevitably, the nominal definition goes *before* the discussion; since, without some *περιληψις*, or rough circumscribing outline of the subject, a reader cannot be supposed to know the very object or substance of the enquiry.

writers, and still, even in that case, Ricardo is wrong. He contemplates the Norway forest, the coal-mine, the stone-quarry, as if all alike leased out to the tenant, not with any view to a continued succession of crops, but as simply transferred on the consideration of that crop now ready for removal. He puts the question, in fact, precisely as he would do on the case of a man's leasing out his coal-cellar to another with the privilege of emptying it. Now, this is not the real case of a forest or a coal-mine. In the forest there is a regular process pursued with the purpose of creating a continual succession of "falls," so arranged that, by the fifteenth year for instance, the section thinned in the first year may be ready again for thinnings, and so on perpetually, according to the nature of the wood. In a coal-mine, again, the known uncertainty of the veins as to direction and density of the different strata, gives a reasonable prospect of continuous succession in the annual yield. But suppose all this *not* to be so. Take the case as Ricardo apparently shapes it—viz. that you let off a coal-cellar with liberty to the lessee of emptying it within a year or two. Here the profitable product, the "crop," of the cellar is known beforehand to a hundred-weight, and you are not to suppose any concealment as to this fact, or any deception. Clearly, now, this coal cannot be described as any produce from "the original and indestructible powers" of the cellar.

And therefore, says Ricardo,\* the term "rent" could not be applied in any other than an improper sense to the consideration paid by the lessee of the cellar. But is *that* so? Not at all. In the modern (and most exclusive) sense of the term, "rent" might be paid by such a lessee. For take the cellar, or take the stone-quarry, and imagine the coal, the stone, or the stercoraceous deposit in the vast crypts cleaned out by Hercules, to have been accurately measured, it would be no impossible bargain that a day's produce from the labour of fifty men in any one of the chambers supposed, should be set off against a similar product from known mines, quarries, crypts, in the same neighbourhood, and should be charged with a rent corresponding to the assignable differences in the "put-out." A neighbouring coal-mine, for instance, worked by a hundred colliers, would furnish a standard for the comparison. If our carbonaceous crypt, or our stercoraceous crypt, yielded a produce larger by twenty-five per cent upon the same quantity of labour, then we should have a good ground for rent in the severest sense, although the crypt were notoriously exhaustible in one, two, or three years.

It is not, therefore, the inherent or *indestructible* powers of a subject which will make it capable of rent,

\* "Says Ricardo"—i. e. says by the tenor of his argument, says implicitly, else he does *not* say so explicitly; for the case itself of the coal-cellar is not *his* illustration, but mine.

but the *differential* powers; and the true definition of rent is, in the strictest terms, *that portion of the produce from the soil (or from any agency of production) which is paid to the landlord for the use of its differential powers, as measured by comparison with those of similar agencies operating on the same market.* Though Aristotle should rise from the dead, that definition (I humbly submit) will stand.

Undoubtedly, there are found cases in England, and cases very numerous, where, at first sight, Ricardo's definition seems almost indispensable for reaching the true distinction between what *is* rent, and what is *not*. For instance, he himself supposes the case where "of two adjoining farms," otherwise exactly equal, (same size, same quality,) "one had all the conveniences of farming buildings, was, besides, properly drained and manured, and advantageously divided by hedges, fences, and walls; while the other had none of these advantages." Now, surely Ricardo has the right to presume, that for the improved farm "more remuneration would naturally be paid" than for the unimproved. But would that excess of remuneration be "rent?" "No," says Ricardo himself, "it would not; but, popularly, it would be called rent. And then he goes on to show that the true rent, which probably would be the same in each case, is that part of the total "remuneration" which is "paid for the original and indestructible powers of the

soil;" whilst that part of the remuneration which is strictly pseudo-rent, must be viewed as "paid for the use of the capital" sunk in the improvements. Is that not sound? Certainly it is; quite sound: and, by the way, it is the more noticeable in Ricardo, because it has been accidentally his ordinary oversight to talk of rent as if this were the one great burden on the farmer of land: whereas so much greater is the burden in this island from the capital required, that Mr Jacob\* (well known in past times to the British Government as an excellent authority) reports the proportion of capital to rent, needed in ordinary circumstances, as being then little less than four to one. From fifty-two reports made to a Committee of the Lords in the year before Waterloo, the result was, that upon one hundred acres, paying in rent no more than L.161:12:7, the total of *other* expenses (that is, of the capital fixed and circulating) was L.601:15:1 *per*

\* William Jacob, F.R.S., stood in a position of advantage, on a sort of isthmus, for judging of any question in economy relating to agriculture; for (on the one side) he was well read in the literature of Economy, and (on the other) he was practically familiar with the whole condition and details of rural industry in this island. His "Considerations on the Protection required by British Agriculture," in 1814, is a valuable work. And the talent, together with the moderation and the knowledge displayed in it, recommended him subsequently to the Government as a commissioner for enquiries into Continental agriculture.

*annum*. And in some other cases, as, for instance, in bringing into tillage the waste lands known technically as "cold clays," the proportion of capital required for some years appeared to be much greater—on an average, three times greater; so that the capital would be ten or eleven times as much as the rent; and, in such circumstances, the *total* sacrifice of rent by the landlord would be no serious relief to the improving tenant. Such being the true relation of agricultural capital to rent, which generally Ricardo seems to overlook, it would be strange indeed to blame him for this particular passage, in which he does *not* overlook it. The distinction is just and necessary. The payment for the house, barns, stables, fences, drains, &c., is rightly distinguished from the rent; it is interest paid upon capital invested in the farm, and therefore, in fact, lent to the farmer. As reasonably might you call the interest upon twenty thousand pounds, which the farmer had brought into his business, either as a loan from the neighbouring bank or as his own patrimonial inheritance, part of his rent. But still the rent (speaking with that strictness which must always be a duty where we are speaking polemically) is to be calculated from the rating, from the place occupied on the differential scale, howsoever that place has been reached. Now, at this moment, much land is thus or thus rich, in consequence of this or that sum of capital co-operative with its original powers. You are not careful to distinguish between the original power

and the acquired power; any more than, with regard to a man of talents, you care to say, "So much is due to nature, so much to education and personal efforts." Often you cannot distinguish. The farmer, indeed, as a private secret, may guess that so much of his nominal rent arises upon the improvements, so much upon the original powers of the land. But the true rent is calculated severally upon these differential powers, however obtained, as found by comparing it with other lands cultivated on the prospect of the same markets; and the only ground for separating the nominal rent into true rent and pseudo-rent, is because some improvements do not directly increase the differential powers of a particular estate, but only increase the convenience, the respectability in appearance, the variable divisibility of the estate; or, potentially, they raise a basis upon which, as yet, no additional power perhaps *has* been raised, but on which the tenant (being a man of energy) *can* raise such a power much sooner than otherwise he could. For instance, an excellent road has been made to lime or marl, or new pits of those manures have been opened. Now, it is for the tenant to use those advantages. If he does *not* use them, to him they are as if they did not exist; but, if he does, then he finds a saving of possibly fifty per cent upon all that he fetches, which may be seven or ten per cent on his total costs. So, again, as to better divisions of lands, by which they may be applied to a larger cycle of uses; or, where the

divisions have previously existed, heretofore they may have been rude and fixed. Now, by means of light iron hurdles, they may be much more effectual, and yet susceptible of variable arrangement, according to the wants of the particular season. Or, again, the house upon the estate, the approach to it, and the outhouses universally, may have been improved. Where, indeed, the improvement has tended to the direct conservation of the produce, as by leaded tanks of shallow capacity for receiving cream, or by granaries fenced against vermin, or by reservoirs prepared for receiving manure without waste, they are equivalent to direct augmentations in the soil of natural power.

The logical incidence of the last paragraph, though plain in its parts, may seem obscure in the whole; and I add this explanation. There is a large distinction into two cases to be made for agricultural improvements. And this was not overlooked by Ricardo. The difference is, that one class actually augments the power of your land: it *did* produce ten—it *does* produce twelve. But the other class leaves the power where it was; having produced ten formerly, it produces ten now. How, then, is it an improvement? In this way, that, whereas formerly this ten required a cost of five guineas, now it requires only a cost of three. I do not at all overlook that oftentimes this saving is but an inverse form of announcing an increased power, since the two guineas saved may be used in further corresponding

production; and the blindness to this possible inversion of the case is that which so unaccountably misled Malthus. But sometimes it happens that improvements are not so used, and do not naturally suggest such a use. For instance, on obtaining marl cheaper, you save annually; but perhaps, even at the old price of marl, you had enough. You feel the difference, therefore, not in a larger amount of marl, for you want no more; and perhaps you spend the difference *as* income, not productively. So, again, if "Rebecca's Daughters" save you five guineas a summer on tolls, naturally you spend the money in drinking Rebecca's health—not upon improvements. Now, this distinction of cases is of a nature to fortify Ricardo's distinction between the indestructible advantages of land, and its casual advantages in convenience. The first *will*, the second *will not*, operate upon the future rent. So far it seems as if I were justifying Ricardo. But what I *do* say is, that the special plausibility, in this instance, of Ricardo's illustration must not lead us away from the fact, that even here it is not the indestructibility of the powers, taken singly, which could sustain the difference of the two improvements stated, were not that indestructibility manifested on a differential scale.

## SECTION II.

RENT having been thus defined as *the series of increments arising upon the differential qualities of land*, no matter in what way that land may happen to be employed, it follows that this series will begin to expand itself concurrently with the earliest advances of the population.

And because these original differences in quality of soils, keeping pace altogether in their development with the movement of the population, are best understood by a scale of graduations addressed to the eye—at this point, ready for the references and explanations which may be found necessary hereafter, I place such a diagram or ocular construction of the case:—

No. 1.		
2.		
3.		

In Tuscany there may be 300, in England many more than 300, qualities of soil expanded; but three, as amply as 300, will explain the law for the whole.

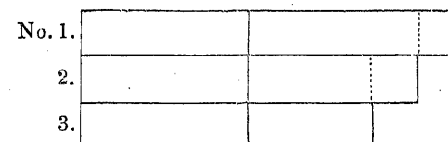
No. 1 represents the class of soils *first* brought under culture. And why *first*? For the natural reason that these

soils were seen obviously to be the most productive under an equal expenditure of capital: they are first in order of development, which is an act of human choice, because they are first in order of merit, which is a consequence of natural endowment. The precedence allotted by man does but follow and advertise the precedence allotted by nature. And if a second-rate soil close to a great market like Birmingham, if a third-rate soil close to a great seaport like Newcastle, is sometimes more profitable in the very same year 1770, than a first-rate soil in the wilds of central Cardiganshire—possessing at that time neither a domestic population for consuming its produce, nor roads of any kind for transporting such supplies to the corresponding centres of demand, thus far no doubt the regular expansion of the series will be slightly disturbed: to that extent it cannot be denied that the rigour of the graduation must be interrupted. But it is a sufficient answer to say—that, in so large a territory as England, the final effect upon the general balance will be trivial; and, secondly, that lands which are thus accidentally privileged, for which the local position is able to defeat the natural endowment, will be inevitably raised artificially by the compensations of culture and rich manures to the *real* rank of No. 1, which originally they had usurped.

No. 2 represents the second class of soils, called up into the series as soon as the growing population has made No. 1 insufficient.

No. 3 represents the third class of soils called up under the same pressure continually increasing.

Now, in the next step, retaining the very same diagram, let us circumscribe its *internal* relations by filling in the secondary divisions, which shall be distinguished by a dotted line:—



The novice understands, that the increments or excesses, by which each superior No. runs beyond its next lower No., express and measure the relations of quantity amongst the products. For example, the product upon No. 2 exceeds that upon No. 3, the product upon No. 1 exceeds that upon No. 2; but by how much? By the section which the dotted lines mark off. But this section on each of the upper soils, (No. 1 and No. 2,)—this absciss marked off by dotted lines—is RENT.

Finally, to complete this preparation of the diagram before any argument or explanation is applied to it, let us mount the whole scaffolding of subdivisions, the tertiary as well as the secondary changes which follow the development of the scale, adding the letters denoting the particular function of revenue to which each of these sections corresponds.

No. 1.	W	P	R	R	R
2.	W	P	R	R	
3.	W	P	R		
4.	W	P			

To this third and final diagram, is added a fourth soil; whereas, in general, it is quite needless to persecute the reader with a scale carried lower than the third round. I suppose it almost superfluous to add—that *w* expresses the function of wages, *p* of profit, and *r* the several increments of rent, as they emerge successively under the series of agricultural expansions. When No. 2 was first summoned into use, one single chamber out of the six marked *r* (viz. that on the extreme east or right hand of the diagram) was struck off *ipso facto* from No. 1 by that movement of No. 2. In the next stage, when No. 3 was summoned, two chambers (ranging north and south on the diagram) were *simultaneously* struck off from No. 2 and No. 1, as equally disposable for rent. And, finally, when No. 4 was summoned, three chambers (all rising perpendicularly on the same meridian, but varying in latitude) were again *simultaneously* struck off, as being each the separate

absciss for rent, which became due for the same reason, and therefore at the same moment, on No. 1, No. 2, and No. 3.

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SECTION III.

“Now,” having prepared my tables, and sufficiently armed myself for the decent conjurations of political economy, in the language of Prospero, “Now, I arise,” and the reader will suppose me pointing with a long wand, or caduceus, to the hieroglyphics of the diagram; and if he would further suppose these subdivisions framed of mosaic tablets, ivory and ebony, for instance, (as on a chessboard,) for symbolizing even to the random eye the separate sections of *wages* and *profit*, whilst golden tessellæ at the very least would be proper to express the eternal encroachments of rent,\* (*Acherontis avari*,) the logic of what follows would then become more emphatic, and more authoritative, as it always does by many degrees, where it is made to speak *sensuously* to the eye. A *construction* (i. e. a geometrical ex-

\* “*Eternal encroachments of rent*”—eternal by an argument *ad hominem*, which neither Sir Edward West, the original discoverer of the doctrine, nor Ricardo, was in any condition to refuse; as to *them*, the encroachments *are* eternal. But I have repeatedly urged elsewhere, that this law is checked by an opposite law—this tendency is neutralised from century to century by a counter tendency.



hibition) of any elaborate truth, is not often practicable; but, wherever it is so, prudence will not allow it to be neglected. What is called *evidentia*, that sort of demonstration which "shows out" which is *ostensive*, (in the old language of mathematicians,) and not merely *discursive*, or founded on dialectic *discursus* of the understanding, is, by a natural necessity, more convincing to the learner. And, had Ricardo relied on this constructive mode of illustrating his chapters upon rent and upon wages, they would not have tried the patience of his students in the way they *have* done; still less would they have baffled the efforts of really able men, (when not supported by some obstinate interest in the study,) at deciphering the very outline of their principles. The case is astonishing. Two doctrines in Ricardo's system, viz. value and rent, (with its *complement* in wages,) constitute the well-heads of his economy: these mastered, *all* is mastered; for the rest runs down in a torrent of inferences from these *præcognita*. Yet these two chapters in Ricardo are perhaps his obscurest. Upon value, though churlishly penurious in illustrations and in guarded distinctions between cases liable to be confounded, the exposition is substantially present; it has a local manifestation. But upon rent it is not quite certain that all the grounds of decision are present even in cipher. What is clear, is general and expansive; what is special, what involves the *differential* portion of the truth, the novel, the esoteric, and the characteristic, all this

is thrown upon the overcharged duty of one single page, (viz. the last page in the chapter.) It is therefore disproportionately brief at any rate; but by a most unhappy arrangement, even so much as *is* communicated, lies dispersed and vagrant through a complex table of numerical proportions; whilst for this table there is wanting some guiding Ariadne's thread to the explorer before he can apprehend even the *principium motus*—that is, in which one of the several columns he must look for the *original* impulse to the series of changes displayed. Action and reaction he perceives to be going on strenuously; but where do they *commence*?

Suppose, now, the wand pointed to diagram the first, and striking the upper part of this diagram. What I wish first to engage the reader's attention is the original starting-point of society as to rent, which (fiercely as many people have disputed it, even in the sense of a possibility) must be assumed even as a postulate of the understanding. It is a mere necessity of logic to assume as the starting-point, that primitive condition of the land under which it neither did nor could pay rent. Originally, when the population had called only for No. 1, it is seen by looking back to diagram I. that the land did not trisect itself into rent, profit, and wages. There *was* no rent; there *could* be none; the land bisected itself only into the two capital sections of wages and profit. But exactly on this point it is that many a coarse sceptic comes forward. Let political economy say what

it will, he for *his* part will not believe that any proprietor of land would give up his land gratuitously to the public service. All others engaged in the laborious manufacture of corn, of oxen, and of horses, being so notoriously moved to it by considerations reasonably selfish, why should the landowner stand alone in his unappreciated patriotism?

But it is not alleged that he will. And now, since this mode of argument has been adopted as the main thesis of separate books and pamphlets, it is worth noticing it by a severe and formal exposure. For the *first* thing broadly noticeable in such an argument, is the puerile style of anachronism which it betrays; assuming (as if it were a matter of course) the modern perfect subdivision of the agricultural class into owners and tenants by lease. On the part of society there is a necessity for an article, which, on the part of the owner, it seems by the objection there is no motive for giving up to the public service. But how so? In a period of society so early as that must be when only No. 1. is called for, no separate class of occupants or tenants distinct from the class of owners can have been formed. As yet, no motive towards such a class can have arisen in the secretion of rent, as a separate function of revenue, from profit. There goes to wreck the total objection; for, at this stage of society, profit upon land will be enormous. Now, what reason can there be for supposing that the owner will deny himself an immoderate income, because

it happens to reach him under the name of profit, rather than under the name of rent? Simply by that one exposure, we see how thoroughly the objector has been mastered by his own modern prepossessions.

But *next*, as the necessity for substitutes and *locum-tenentes* on landed properties (*i. e.* in some sense, for tenants or lessees,) must have arisen in *every* period of society, under personal accidents, of lunacy, orphan nonage, military absence, &c., long before the case arose as a professional classification, defined and separately guarded by law, it follows that, for such tenants, where at all they existed, necessity would suggest a mode of payment: that payment would naturally be charged on the high rate of profit incident to that early era of society. A division of profits would, in such times, give a higher return to both parties than the whole profits, in other times, to one. But then, *that* would not be in a technical sense rent? True, it would not: and rent in that scientific sense is exactly what we are denying, as a possibility, at this stage of expansion upon land, viz. when only No. 1 was in cultivation.

*Thirdly*, as the estate could be delegated on the landlord's account to a servant or ministerial agent, even the second arrangement, and also the first, is not indispensable; so that, even in that false sense, rent would not often or necessarily arise.

*Fourthly*, where a nominal quit-rent is received in consideration of kinship or past services, or where feudal inci-

dents of aid might be rendered, both the first, the second, and the third arrangement, would often be needless.

*Fifthly*, upon whatever scheme of partition, or of feudal service substituted for partition, a landlord might choose to make his estates profitable, this result is palpable: the land *is* cultivated, or it is *not* cultivated; and in either case what is the event to us? How are we (the maintainers of rent technical in the modern sense) interested in either issue? Say that the land is *not* cultivated: in that case none of us, on either side, is affected. Say that the land *is* cultivated, and on what terms. The landlord receives only some recognition of his feudal superiority: here, then, is confessedly no rent. Again, the landlord, upon some arrangement or other, first, second, or third, enters upon a share, known or unknown, of the profits. Still, what is that to us? Profits are profits, and rent is rent; and the things will not be confounded because an obstinate man attempts to confound the words. It is altogether needless to waste arguments on proving, that in the circumstances supposed, rent proper *could* not rise. For until No. 2 is called into action, how can any difference exist upon the products of soils? Until a difference exists, how can an excess founded on that difference exist? Until such a differential excess exists, how can rent be measured? In any other sense we do not deny rent; in this sense the objector does not affirm it, unless he is of opinion that an excess or difference could arise upon No. 1, by comparison with itself. "Sambo and Quaco are very like

each other, but particularly Sambo." On the other hand, if the objector fancies a possibility of refusing this definition, and says—"In my eyes any thing shall be rent which is paid to the landlord, in consideration of the right conceded to cultivate; and from whatever fund that payment is derived, equally if deducted by the labourers from their wages, or by the occupying capitalist from his profits;"—in that case where is the dispute between us? Is it we that deny the power of labourers to make such a deduction from wages, and to pay this over to the landlord? On the contrary, this has been practised for generations in Ireland, as respects the conacre. Is it we that deny the power of the farming tenant to deduct a sum for the landlord's demand—1. From his own profits; 2. From the income of some *other* property belonging to himself; 3. From the bounty of an indulgent aunt or grandmother? On the contrary, this is going on for ever even at this day in England: and to deny it would be to affirm that every man occupied in farming must uniformly succeed: wheresoever he does *not*, the rent (if paid at all) will be paid out of alien funds; in that case it is rent only by a verbal trick. So long as *words* are the only representatives of our ideas, so long there will always be an opening for a trickster to charge upon any verbal distinctions the pretence of verbalism. But the short answer in this case is, that rent, considered as an index or exponent to a series of differences upon a scale of soils, *obeys one set of laws—whilst rent, in the ordinary law sense, obeys none.* The ebbs or flowings of rent,

taken in the strict sense, are governed by laws as regular as marine tides; but in the vague sense of an acknowledgment to the landlord, made from any fund whatever, rent will be as capricious in its regulating principles, as in its original motives.

Next, let me point to that feature in all the three diagrams—that always the *lowest* soil yields no rent. The cause of this, and the effect, are equally apparent. The cause is, that *no* soil yields rent until a soil lower than itself has defined and marked off a *difference* of produce. For the same reason why there can be no rent on No. 1, when no other No. is used, there can never be any rent on the No. which happens to be *lowest* in the scale: equally in both cases there is wanting a *lower* soil, to mark off a difference. Rent is the excess of produce upon any given quality of soil, by comparison with another quality worse than itself. Until this worse quality comes into play, there can be no such comparison, and, by consequence, no such excess. Until there is a point of comparison—that is, until the soil now last in the scale becomes the penultimate—you cannot point to any difference as more than a future possibility. All soils promise a potential difference; but this cannot be realized until a lower base of comparison arises. Such is the cause: the effect is more likely to be contested. It is this. According to the modern doctrine, the price of the produce on *all* the soils is regulated by this lowest soil; and for this reason—that the price of produce must be such as to cover that which is grown on the *least* advantageous

terms. A price, sufficient for the upper soils, would be quite insufficient to continue the culture upon the lower; since, in a market, no distinction can be allowed in the price for differences of advantage. Of those differences the public has no knowledge; or, if it had, could not allow for them. *Results* are allowed for: qualities of grain, affirmatively better, sell higher; but *grounds* of qualities, as, that a man has spent more capital upon his grain, or that he has won an equal grain from a worse soil by superior skill—for these there *can* be no allowance. And, in fact, it is from these disadvantages, as graduated into a regular descending scale, that a regular series of increments becomes disposable for rent. So far an opponent will submit, because he must; but he will dispute the possibility of any such lowest soils existing by a whole class as *rentless* soils. This, however, is the same question recurring, which has already been recently canvassed with respect to No. 1. And in a field, where it is impossible to find room for *every* discussion, it is quite sufficient to make these three replies:—(1st,) That a lowest class of soils may always be available as rentless soils, in the case where the owner unites with that character the character of occupying farmer. (2dly,) That the *mode* of the non-payment often explains its possibility. A tenant has been able to pay a rent upon land not absolutely the worst, but the penultimate: at this rent he has been warranted in bestowing upon the land so much capital: secondly, he stimulates the land by more capital, and obtains a second though inferior crop:

for that secondary crop, equivalent to the crop on a lower soil, he pays no rent. Now, here the rentless capital will be concealed and masked to the general eye by the associated capital which *does* pay rent. This is one of the cases in which virtually the *lowest* land is concerned; for those secondary powers in a higher soil, which have been called out by the second application of capital, are often exactly on a level with the primary qualities of the lowest. (3dly,) A very common case, sometimes a very extensive one, is *where the tenant holds, jointly with superior land, other land of the very lowest quality at present susceptible of culture*. The one quality, out of which really is paid all the rent that he *does* pay, shelters and disguises the other quality, out of which, in fact, he pays none. Not the bystanders only, but even himself and his landlord, are possibly deceived. An entire estate comprehending much good land, but also some too bad for cultivation, has been let on a surveyor's calculation—85 acres of the land No. 4 and No. 5, lying dispersed amongst 1140 of land No. 3, 2, and even 1, have *virtually* not affected the contract; they have been, in fact, thrown in gratuitously. No. 5 it has been found at that period unprofitable to cultivate. But No. 4 is cultivated, and is part of that land which fixes price, by paying wages and profits only. It ought, therefore, as the lowest soil actually in use, to pay no rent; how *that* is possible, has been shown by the circumstances of the contract; and how such a fact may escape the knowledge even of the parties to that contract, is explained by the

scattered interfusion of some bad land amongst much that is very good or in various degrees better.

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 SECTION IV.

Now remains the final task. It is seen, it has been proved, that an eternal series of differences is developed upon the land by the unresting advance of population. These differences, these increments, are undeniable: a question arises—How are they disposed of? How do they operate? How do these eternal changes on the land affect the distribution of its produce? We know how a certain phenomenon called rent arises. Its origin, its mode of advancing—these are no longer doubtful. But what we now want to know, what as yet we do not know, is—the *results* of this phenomenon upon all interests connected with the land; its operation upon the amount of their several shares.

Here is, at first sight, a perplexing question. Had that question been confined to this—*What becomes of the increments eternally arising upon land, as each lower quality is developed?* in that case the answer would have been easy. We all know, by this time, that these increments are rent; no rent except from these increments; no increments which can be applied otherwise than to rent. But the real question is larger. There is a singular delusion which takes place here. Because the increment takes place on occasion of the inferior soil

being called up, there is a natural *subreptio intellectus*, a hasty impression left on the mind, that the inferior soil actually causes the increment—actually *produces* the addition which becomes available for rent. So far from that, so far from adding any thing, every descent of this kind upon a lower soil *takes away* something. It *seems* to add—and for the landlord's benefit it *does* add—for it makes *that* a portion of his share which previously had been the share of other people. But *absolutely* (that is, in relation to the *aggregate* claims of capitalist, farmer, labourer) this increment is manifestly a decrement, and never any thing else. Fast as these increments travel *westwards*\* on the diagram, exactly in that ratio does the residuum—the portion available for the other shares on the land—grow ever narrower and narrower. The evolution of No. 2 (which suppose to have occurred during the Saxon polyarchy) did not add any thing to the actual produce on No. 1. The action of No. 2 was simply to measure off on No. 1 a portion equal to its own defect, and to make it otherwise disposable than it had been. But obviously this separation on No. 1 has not enlarged the total shares: *absolutely*, the total produce on No. 1 is left exactly where it was, and the only real change is a different distribution of this produce.

\* "*Westwards*."—It would be mere pedantry to refuse this brief terminology, derived from the theory of maps. The diagram is treated as a map, or chart, in which the upper side is by ancient usage the north, &c. The advantage for the diagram is—that a single word does the office of a very operose circumlocution.

This distribution is the subject of the present section; and it will most merit the attention of the student, first, because (being already *per se* the most difficult part of the subject) it happens to be that part most cursorily explained by Ricardo. And secondly, it is charged with illusions from the *first*. One of these I have explained—the random impression that the series of increments, which *are* increments only *quoad hoc*, is a series of actual *bona fide* additions. A second illusion is this—Because all the increments, as fast as they take place, pass into rent, it is a most natural inference that these successive additions do not disturb the distribution of the other shares. Were any part of the increments otherwise applicable than to rent—inversely, were any part of rent otherwise derivable than from the increments, you feel that the work of assigning their several shares to profits, wages, &c., would become perplexed. But you fancy it to be kept exceedingly simple by the known fact, that the constant excesses arising through the development of the land scale are not divisible upon any mixed principle—so much to profits, so much to wages; but go in mass, and without one farthing of reservation, to rent. The natural, but false, conclusion from this will be—that rent, being itself quite unaffected by the other shares, will reciprocally not in the least affect those other shares. This, however, is altogether erroneous. From the moment when rent becomes developed upon the land, a perpetual change is going on *derivatively* in the shares

allotted to labourers and to farmers. The grounds, the clockwork, of this change, lurks in a tabular statement of proportions by Ricardo; this I shall transfer accurately from his pages to my own; and then, because *all* judicious readers complain heavily of the manner in which Ricardo has treated the exposition of this subject, I shall make it my business to fill up the scheme which he, from carelessness, (and perhaps more from natural inaptitude\* for the task of simplifying knowledge,) has left so obscure.

TABLE of Proportions drawn up by Ricardo, for the purpose of explaining the collateral or parallel changes which take place in the affections of value, through all interests, upon the land, contingently upon each successive development of lower soils.

Price per Quarter.	Rent in Wheat.	Rent in Money.	Profit in Wheat.	Profit in Money.	Wages in Wheat.	Wages in Money.	Total of Money for Wages, Profit, & Rent.
£ s. d.		£ s. d.		£ s. d.		£ s. d.	£ s. d.
A. 4 0 0	None.	None.	120 qrs.	480 0 0	60 qrs.	240 0 0	720 0 0
B. 4 4 8	10 qrs.	42 7 6	111.7 ...	478 0 0	58.3 ...	247 0 0	762 7 6
C. 4 10 0	20 ...	90 0 0	108.4 ...	465 8 0	56.6 ...	255 0 0	810 0 0
D. 4 16 0	30 ...	144 0 0	95.0 ...	456 0 0	55 ...	264 0 0	864 0 0
E. 5 2 10	40 ...	205 13 4	88.7 ...	445 15 0	53.3 ...	274 5 0	925 13 4

\* "Inaptitude."—The facts overlooked in Ricardo's position are two—1st, That by original conformation of mind, like some other powerful and original minds, he found no genial pleasure in *communicating* knowledge; 2dly, His mind was in a fermenting state, so that his knowledge was often provisional and tentative. The prodigious events of his era, the vast experiments (even in the relations of commerce and political economy) forced upon nations by the Titan struggle of England with a barbarizing despot, taught him often to suspend—to watch—and to listen, as it were, for something yet to come. Hence it happened, that certain great principles, few, but sufficient, for a *total* revolution in economy—these he held with the grasp of Talus, the iron man of Crete. In the outlying parts of his own system, meantime, he was sceptical; and what was not determinate to himself, he could not make so to others.

## COMMENTARY.

IN this table the case A indicates the original condition of rural husbandry, when as yet no land is under culture but the best, (or No. 1 of the Diagrams.) Case B indicates, therefore, the secondary condition, when No. 2 is called for. Case C the tertiary condition, when No. 3 is called for, and so onwards. The price of wheat per quarter in the one sole case A, must be understood to have been *arbitrarily* assumed by Ricardo; every where else it is *not* arbitrary. It could not signify what price was assumed at the starting-point, only that Ricardo should have explained how much of his table *was* assumption, and not have left to students a perplexing enquiry about his reasons, where, in fact, no reasons at all existed. It was sufficient at the starting-point to take for a basis any possible price *ad libitum*. But ever afterwards, in the descending scale of cases B, C, D, &c., there is no further room for discretion or arbitrary choice. Each price of wheat in the four which follow is determined by an *a priori* principle: it is derived (as will be shown immediately) by a rule of three proportion from the amount of produce on the land, compared with the same amount when diminished by the growing deductions for rent. These modifications of price, derived from rent, are very important; for through this organ of price it is, that rent operates upon the money com-

pensations (however imperfect compensations) to decaying wages, and still more decaying profits. By throwing his eye down the proper columns, the reader will see that wages are always declining in wheat returns, but always rising (though not proportionably rising) in money returns. Profits, on the other hand, suffer in both modes. Their corn returns sell, indeed, with the same advantage from the new price of wheat as that which benefits the wages; but still, as the positive declension of these corn returns is considerably greater for profits than for wages, the money returns will be seen to decline *absolutely* for profits, and not merely (as in the case of wages) proportionately. Lastly, by looking down the two contiguous columns for the changes on rent, the reader will see that rent benefits in both ways—viz. in corn returns, and in money returns. And even *that* is a careless expression of the case; for, in a sense, both wages, and even profits benefit; that is, if they suffer, they certainly suffer less than they otherwise would do, in consequence of a higher price being obtained for land produce concurrently with *every* expansion of rent. How, then, does the case of rent differ from *their* case? It differs thus: rent benefits *absolutely* in all senses, in wheat not less than in money; wages benefit in money, but lose upon the wheat return; profits lose upon both returns. Originally, for instance, (case A,) ten labourers had received, collectively, 60 quarters of wheat, or (at L.4 per quarter) L.240 sterling—giving to each man six

quarters, or, in money, L.24. Now, in case B, when rent has commenced, the abstraction of ten quarters for this purpose makes it impossible that the remainder, left for distribution between wages and profits, can allow the same corn return. Accordingly, wages sink in wheat from 60 to 58 quarters, *plus* three-tenths of a quarter. But, on the other hand, as a compensation *pro tanto*, this diminished quantity of wheat sells for L.7 more. The ten labourers receive now L.247 instead of L.240. Does that addition (of 14s. a man) reimburse his loss? Not at all. To do this, the money addition ought to have been double. Each man, if no part of his expenditure were for bread and flour, might rejoice\* that his money wages were more, even if not commensurately more. But, for every eight bushels of wheat which his family consumes, he must now pay four guineas, *plus* eightpence, instead of four pounds.

\* "*Might rejoice.*"—No, he might *not* rejoice. In any case he is bound to mourn, says the man of the superannuated economic systems smashed by Ricardo. But why does he say so? Consistently enough: his doctrine, his creed, is known: wages, for *him*, constitute the basis of price. Do wages happen to rise under a rise of wheat? Prices, he holds, must rise commensurately. *Ergo*, as *all* men use grain or other landed produce, to him it seems that *all* prices must rise; and *pro tanto*. But *we*, Ricardian Protestants; know far otherwise. Even the novice is now aware that a rise in wages would leave prices undisturbed. And now, perhaps, by this practical application of his knowledge, the novice begins to suspect that his studies upon value were not quite so aerial.



Say that his household were of four and a half heads, here (under the usual random computation of eight bushels annually per head) we have four and a half times four shillings and eightpence *extra*—that is, precisely one guinea extra on the man's annual outlay; whilst, upon the table of Ricardo, his relief proceeds no further than by 14s., *i. e.* two-thirds of his loss. This, besides, in the case B; but, if such things happen in the green ear, what will happen on the full harvest of development under C, D, E, and quarters of the alphabet still more ominous? By any law that Ricardo impresses on his student, the very wheels of the social *watchwork* must be clogged and motionless long before the land-scale would come in sight of detestable M, or even of gloomy H. Only through that great antagonist force for ever at work in Great Britain—through skill, capital, and the energy of freemen; only by an antagonist law for ever operative in throwing back the descents—in raising the soil of case E, in the year 1700, to the level of B as it was in 1500—the soil of O, in the year 1800, to the level of E as it stood in 1600,—thus, and only thus, do we escape, have escaped, and shall escape, the action of rent; which action, by the just exposures of Ricardo, tends always to engulf us; which action, by the unjust concealments of Ricardo, ought long ago to have frozen us into a dead lock—any thing to the contrary, notwithstanding, which has ever been insisted on by that great master of economy. The *tendencies* of a

natural law like that of rent, (which word *rent* I use as a shorthand expression for the case, otherwise it is not rent, but the cause of rent, or degradation of soils, which in very truth is the original principle of movement)—these tendencies it is always right to expose; and Ricardo first *did* expose them. Others had discovered the law; he first applied his sagacious sense to its consequences upon profits, wages, price; and, through them, upon universal economy. That was right; for that we are irredeemably his debtors. But it was *not* right to keep studiously out of sight that eternal counter-movement which tends, by an equivalent agency, to redress the disturbed balance. This concealment has the effect of introducing marvels into a severe science; since, else, what other than a miracle is it that rent has not long ago absorbed the whole landed produce—a result to which so manifestly it tends? Secondly, this concealment withdraws from the notice of young students a truly philosophic instance, or case, of that providential benignity which meets every natural growth of comprehensive evil by a commensurate compensation, or else by a process of positive counteraction. Our own social system seems to harbour within itself the germ of our ruin. Either we must destroy rent, *i. e.* that which causes rent, or rent will destroy us, unless in the one sole case where this destroying agency can be headed back uniformly as it touches the point of danger—that point where it would

enter into combination with evil co-agencies. Now this great case of reservation, this saving clause, (which, by the intervention of an "unless," i. e. of an "if not," entitled, of course, to the benefits of a Shakspearian "if," defeats a dreadful tendency always lying *couchant* in our social mechanism,) being almost unnoticed by Ricardo, or not finding a systematic *locus* in his exposition, besides leaving room for a sort of wonderment not creditable to a severe science, has the further bad effect of inviting a malignant political disaffection. Both in France, Germany, and England, a dreadful class is forming itself of systematic enemies to property. As a wild, ferocious instinct, blind as a Cyclops and strong as a Cyclops, this anti-social frenzy has naturally but too deep a root in the predispositions of hopeless poverty. And it happens (though certainly not with any intentional sanction from so upright a man as David Ricardo) that in no instance has the policy of gloomy disorganizing Jacobinism, fitfully reviving from age to age, received any essential aid from science, excepting in this one painful corollary from Ricardo's triad of chapters on Rent, Profit, and Wages. A stress lies on this word *triad*; for it is not from insulated views of rent that the wicked inference arises: it is by combined speculations upon the three. Separate, the doctrine of rent offers little encouragement to the anarchist; it is in connexion with other views that it ripens into an instrument of mischief the most incendiary. Since Ricardo's time,

the anti-social jacobins—attacking, in France, the whole theory of taxation, of public worship, of national education; in England, attacking the fabric of civil administration, the liability of one generation to the debts or civil obligations of another, the right to property or to accumulations of any kind; and, in Germany, going far beyond these insanities of licentiousness—find often a convenient policy in having exoteric and minor degrees of initiation. To the aspirant, during his noviciate, they preach the abolition of entails, of regal courts, of ambassadors, and privileged bodies of soldiery, as appendages of courts; but on no phasis of the social economy now prevailing, do they dwell with more effectual bitterness than on the tendencies of rent as exposed by Ricardo. Here is a man, they argue, not hostile to social institutions, not thinking of them in connexion with any question of elementary justice, who reveals as a mere sequel, as an indirect consequence, as a collateral effect from one ordinary arrangement of landed property, that it does, and must encroach steadily, by perpetual stages, upon other landed claims, through all varieties of kind and of degree. The evil, they allege, is in the nature of an eclipse; it travels by digits over the face of the planet. A shadow of death steals gradually over the whole disk of what once had offered a luminous field of promise. And that which was meant for the auspicious guarantee of indefinite expansion to human generations—viz. the indefinite expansibility of

food and clothing from the land—becomes the main counteraction to these purposes of Providence, and the most injurious monument of social misarrangement. The class of landlords, they urge, is the merest realization of a Scriptural idea—*unjust men reaping where they have not sown*. They prosper, not pending the ruin, not in spite of the ruin, but *by* the ruin of the fraternal classes associated with themselves on the land. Not by accident, but by necessity—not by intermitting effects of position, but by very coercion of their original tenure—it is the organic function of rent-receivers to encroach, to engulf *all* the shares at last, and to approximate this consummation of total absorption by yearly stages of partial absorption; like Schiller's cannon-ball,

“Shattering *what* it reaches, and shattering that it *may* reach.”

And thus, whilst universal society is viewed as the victim of institutions, yet this fatal necessity is received as no plea for those whom it coerces; but the noblest order of men amongst us, our landed aristocracy, is treated as the essential scourge of all orders beside. Now, were all this true, God forbid that it should be charged upon Ricardo as an offence to have exposed it! But it is the little learning here, as elsewhere, which grounds the ignorance and propagates the calumny. No man could know this better than Ricardo. And yet he has suffered these perilous falsehoods (perilous, because

fatally “similar” of truth) to accredit themselves upon his authority. These pestilent errors, oftentimes preached by dull men, have borrowed wings and buoyancy from his profound truths unfortunately mutilated. For the whole truth, when not one hemisphere, but both hemispheres are exhibited at once, is, that, logically speaking, rents are themselves inevitable consequences, bound up with the necessities of the case; secondly, that, as inevitable results, these increments upon land import no blame to landlords, seeing that, under any system of civil interests, and any administration of those interests, such increments eternally arising must be enjoyed by somebody; thirdly, that having thus reduced the question to a simple case of comparison between country gentlemen (as the most ordinary class of rent receivers) and any other assignable receivers, Ricardo was too conscientious to pretend that this class was not, amongst us, one of our noblest. If we have led Europe in political counsels since 1642; if we first founded a representative government—by whom else than our country gentlemen, in Parliament assembled, were we ourselves guided?

But, fourthly, Ricardo is chiefly blamable as overlooking that great pursuing counter-agency which travels after the tendency on land, overtakes it continually, and once at least in each century, like an *annus Platonicus*, restores the old relations of our system. Ricardo knew, in that extent which made it a duty to proclaim, that to this indefinite expansion of rent, absolutely unlimited as it is by original tendency, on that very argu-

ment, and merely by that proof, some active and commensurate remedy must have always been operating. Too evidently the evil must have found or have generated its own check, else why had it not long ago destroyed us? I have made it a point to dwell a little on this great question, because here chiefly it is that political economy inosculates with politics and the philosophy of social life; and because, from mere inadvertence, Ricardo is here found in a painful collusion with the most hateful of anarchists.

Now remains one sole task. The novice has seen generally, that the labourer and the capitalist are affected by changes in rent; it remains to ask, In what exact proportions? Although every fresh projection of rent is carried off "neat" and entire by its own class of owners, and therefore it might be supposed that this class would go off, leaving the two other classes to settle their dividends undisturbed by the action of rent, *that* is not so. Every fresh pulse of rent causes a new arrangement even for that which rent leaves behind; and this new arrangement more and more favours wages at the expense of profits. One short explanation will make this clear, and finish the whole development.

Looking back to Ricardo's table, let us take the case c.\* And, in order to begin at the beginning, what is the

\* "The case c."—One, and perhaps the very largest, vice in the science of teaching is—that the teacher, chained up by his own subjective pre-occupations, cannot see with the eyes of the novice; cannot dismiss his own difficulties, and enter, as into an inheritance,

*principium movendi?* Where arises the initial movement? It arises in the fact that, by some descent upon a worse soil, a second separation of rent has taken place. In the first descent, marked B, there had occurred a separation of 10 quarters for rent; in the second descent, marked c, a separation (upon the same soil) of 20 quarters has occurred for the same purpose.

Here pause: for now comes the screw which moves the whole machine. The produce of the soil under discussion is assumed always to be the same total quantity—viz. 180 quarters; for the reader has been told that it is one and the same soil concerned in all the five cases. Consequently, when 10 quarters were made disposable for rent, the remainder was 170; when 20 are taken, the remainder is 160. Now, as

$$160 : 180 :: L.4 : L.4, 10s.$$

When the original move had been made, wheat was selling at eighty shillings a quarter: it rose under this first move (B) to eighty-four shillings and eightpence. And why? because 170 is to 180 as L.4 is to L.4, 4s. 8d.

upon those of his pupil. Not until this moment did it strike me, that the reader having lately heard and read so much of the land-scale, (which means the devolution of culture through all gradations of soil, from optimism down to pessimism, in order to meet the expansions of population,) will naturally suppose that Ricardo's table rests upon a basis of that kind; that the case c, for instance, means land which is one degree worse than that in case B. Not at all. A, B, C, D, and E, all represent one and the same soil, but continually forced, by *other* soils, into fresh expansions of rent.

But when another move (c) has abstracted from the total crop of 180 quarters not less than 20 for rent, by a rule-of-three proportion we see that the price will rise to ninety shillings.

*Step the Second.*—Next, after this case of price, comes the case of wages. How it is that Ricardo would himself have explained the process of adjustment (as sketched on his own table) between wages and the changes caused by rent, perhaps nobody can say. My explanation is this, which must (I presume) be sound, as it coincides in the arithmetical result with *his*. Look down the column of prices for wheat, and uniformly the difference between any case, as c and the original case A, must be halved. Thus the half of ten shillings (the difference between c and A) is five. Then, because each labourer's original share had been six quarters, multiply six by five shillings, and the product is thirty shillings. This, for ten labourers, will make, collectively, L.15; and so much additional money wages—viz. L.15—must be paid to the aggregate share of wages under case c, compared with case A. Accordingly, in the column of "wages in money," you see that, having had L.240 in case A, the ten labourers will have L.255 in case c. Again, for a similar reason,\* in case D, the price of wheat per quarter is sixteen shillings more than in case A.

\* "A similar reason"—viz. because 30 quarters out of 180 being now disposable for rent, leaving only 150 for wages and profits, then by the rule of three—150 : 180 :: L.4 : L.4, 16s.

Half sixteen shillings is eight shillings; and multiplying the original quarters of each labourer, viz. six, by eight, you have forty-eight shillings as the additional sum for each labourer, L.24 therefore as the aggregate addition for ten labourers. Accordingly, by the same column of "wages in money," you see that the share of wages on case D, as compared with case A, has risen from L.240 to L.264.

*Step the Third.*—Remains to ask, what will be the share left for profits? When abstracting Ricardo's law of profits, I said—by way of condensing the truth in a brief formula—"Profits are the leavings of wages:" meaning, that whatever addition is assigned to wages by the law controlling them, must be taken from profits; for, if not, whence can it come? What other source is available? Here (as you see) the initial movement, by abstracting 20 quarters from the land produce for rent, has determinately forced on another movement—viz. a change in wages. This has given L.15 extra to the ten workmen: but where was that L.15 obtained? If you say it was obtained from the new price of wheat, now much enhanced, I reply—No: that is quite impossible. First, from the fact—the price of wheat is now 10s. a quarter more than it was under case A. This extra sum upon 180 quarters makes exactly L.90. But L.90 is the very sum now paid for rent; the 20 quarters for rent, at L.4, 10s., amount to L.90. Consequently, all that is gained in the new money price of

wheat goes away upon rent. Secondly, the same thing may be shown *a priori*. For what is it that has raised the price of wheat? The cause of that new price is the inferiority of some new soil not particularly noticed in Ricardo's table, except in its effects. This worse soil, which for that reason regulates the price upon *all* soils, could not furnish the same produce of 180 quarters, except at a higher cost. That higher cost appears to be L.90. So far only, and by this process, has the price of wheat been raised; but not through any rise of wages, which rise, besides, is consequential and posterior to the rise in wheat, and cannot therefore have been causative to the new price of wheat. Not to insist again, at this point, on the doctrine of Ricardo, so fully demonstrated, that no change in price can ever be effected by a change in wages. In the instance now before us, the L.15 extra must be paid from some quarter; but it is doubly demonstrated that it cannot have been paid by the new price—*i. e.* by consumers. It remains, therefore, that it must be paid out of profits; for no other fund exists. And accordingly, by looking into the column of money profits, you see that, in case c, these profits have sunk from L.480 to L.465. In other words, the 30s. per man paid extra to the labourer, making L.15 for the ten labourers, has been obtained entirely at the cost of profits. The labourers obtain L.15 more; but the capitalist is left with L.15 less.

Thus, finally, we read off the table of Ricardo into its true interpretation. We are able to *construct* it into a scientific sense for the understanding. The last column to the right hand, I must observe, simply adds to the invariable sum of L.720, always disposable for profit and wages, the new sum obtained by a new price of wheat for rent. For example, in case c, where 20 quarters become disposable for rent, and therefore, in money, L.90 under the new price of wheat, add this L.90 to the old L.720, and the total money produce of the land under c is L.810. So again, under e, where the price of wheat has risen to L.5, 2s. 10d. per quarter, the total money value of rent, now claiming 40 quarters of the 180, will be L.205, 13s. 4d.; and this sum, added to the old L.720, makes (as we see) L.925, 13s. 4d. But now, if we strike out this final column on the right hand, which is simply an arithmetical register or summation of values travelling along with the expansions of rent, we shall have seven columns remaining—*viz.* one for the *prices* of wheat, two for *rent*, two for *profits*, and two for *wages*. And the Ariadne's thread for passing along the labyrinth is briefly this: that the second column is a pure assumption, and justly so, where you are entitled to take any quantities you please for a basis. From this second column you take your start; and, by a comparison derived from this assumption of wheat rent, in a way already explained, (*viz.* by stating the remainder of wheat produce, suppose 150 quarters

after paying rent, against the invariable total of wheat produce—viz. 180 quarters,) you determine to a fraction the new price per quarter of wheat. This known, next, by a rule which *seems* arbitrary, you learn precisely the new amount (as in column seventh) that will now be required for money wages. But, because the new price of wheat is also known, out of *that* (combined with the money addition to the labourer's wages) you are able to determine the question of column sixth—viz. how much the labourer has lost in corn wages; and then, as the money gained to the labourer measures the money lost to the capitalist, easily you settle the question of column fifth (money profits) out of column seventh, (money wages.) Next, through the price of wheat, (known *in* column first and *by* column second) you ascertain readily the question of column fourth; *i. e.* of wheat profits. There remains only column third, (the money value of rent.) But this is obviously nothing more than a multiplication of column second, as to any given item, by the corresponding item in column first. As to the objections against the rule for deriving the new rate of money wages—that it *seems* to be arbitrary—I fancy that Ricardo referred to a basis assumed in the chapter on wages, which represents the labourer as *originally* requiring one half of his wages for food or for wheat; so that the increase in *money* wages acts only on that half. To the latter part of that chapter, in my own account of it, I therefore refer the reader.

## CHAPTER V.

## PROFITS.

THIS chapter will occupy us for a longer space than the rest; *first*, because (as a dependency upon rent and wages) it furnishes a sort of commentary on those doctrines; *secondly*, because, more than any other doctrine, it is liable, on its own account, to popular fallacies.

Price, rent, and wages, having now been developed, we may say, with respect to the law of profits, not so properly that it is deduced from these three principles by Ricardo, as that it deduces itself. Let me not be thought, in saying *that*, to mean any disparagement of Ricardo's services. Greater cannot be imagined. He it was who first made it possible to deduce wages from rent—and therefore to deduce profits from wages. He had so disembarassed the ground of all perplexities by the time he reached this question of profits, that the true theory rather flowed spontaneously from the conditions, as they had been now explained, than called for any effort of inference. But then the very necessity and inevitableness of this inference, the very possibility

of dispensing with further discoveries, were due exclusively to Ricardo's previous simplifications. Only by having merited so much in former stages, could he have made it possible, even for himself, to merit so little in this.

In one brief *formula*, it might be said of profits—that *they are the leavings of wages*: so much will the profit be upon any act of production, whether agricultural or manufacturing, as the wages upon that act permit to be left behind.

But left behind from what? From the price. The price, even of landed produce, splits always into wages and profits; and what the price is—predetermines the *joint* amount for wages and profits. If the price is ten shillings, then by this principle it is asserted—that wages and profits, taken as a whole, cannot exceed ten shillings. (No rise in wages could increase this sum of ten shillings.) But do not the wages and profits as a whole, themselves, on the contrary, predetermine the price? No; that is the old superannuated doctrine. But the new economy has shown that all price is governed by proportional quantity of the producing labour, and by that only. Being itself once settled, then, *ipso facto*, price settles the fund out of which both wages and profits must draw their separate dividends. Call the price  $x$ : that sum, that  $x$ , makes up the joint values of wages and profits. Taken together, the two functions of wages and profits will always compose  $x$ ; cannot be less, cannot be more.

But, if *that* is true, then it follows that wages and profits vary inversely: whatever the one loses the other gains; and the gain of either can only be through the loss of the other. Neither of the two can gain *absolutely* or irrespectively of the other: wages being eight shillings, and profits two, then it is possible that profits might rise to three, but only by wages previously falling to seven. Any other rise in profits, such as should leave wages virtually undiminished, could be only an apparent rise through some depreciation in the currency; and that depreciation, changing any one thing nominally, must change all other things: affecting all apparently, really it would affect none.

This being settled, viz. that any motion or change between wages and profits will always be reciprocal, next comes the question—in which of the two will such a change commence? Is it possible, for instance, that an *original* change should take place in profits, and that wages should be affected only in a secondary way? No; this is not possible. Any change that can disturb the existing relations between wages and profits, must originate in wages: whatever change may silently take place in profits, always we must view as recording and measuring a previous change in wages.

Hence we are brought to the conclusion—that to wages, and to wages only, we must look for an explanation of all principles which govern either themselves or profits. Ricardo's chapter upon profits is substantially no more than a reiteration of his two chapters upon



wages and rent. It is known already from those chapters, that in all national communities alike, there is the same constant tendency (through the increase of population) to descend upon worse soils. There is a counter-tendency which holds this primal tendency in check; viz. the gradual elevation of bad soils to the rank of better, by means of improving science. But this antagonist principle acts very unequally in different communities, and in the same community at different periods. Consequently, the tendency to increased cost of food, by continual descent upon worse wheat land, worse barley land, and worse grazing land, is sometimes for a century together proceeding with activity; whilst the counter-tendency, which depends much upon previous improvements in roads, markets, &c., and upon *general* progress in science, may be altogether torpid. We see, therefore, a natural reason why wages upon the land should, through such a century, continually grow heavier, and the profits, therefore, continually decline. It is only when the antagonist tendency gets into powerful play, or whilst the population happens to be stagnant, that this downward movement is checked. But says the student, by a most natural objection, what has *that* to do with manufactures? Industry, applied to land, grows dearer, because the declining qualities of the soil oblige the cultivator to employ eleven or twelve men on the worst soil used in the last year of a century; whereas, upon the worst soil used in the first year of that century, there were employed only

ten. It is the *quantity* of labour which has increased, (viz. as must always be remembered, or the lowest or *regulating* soil;) and that explains why the manufacturer of wheat or oxen must have more wages to pay; he has twelve men to pay instead of ten. But why should the manufacturer of shoes be affected by such a change? Because more men are required upon a score of acres, it will not follow that more will be required upon a score of boots or shoes. Why, therefore, should not the effect upon profits confine itself to capitals employed upon land? The answer is this— even upon shoes there will be a small increase of labour, because the raw material will grow a little dearer as hides grow dearer; and hides will grow dearer as cattle grow dearer, by descending upon worse pasture lands. But this is not the channel through which profits are affected, either upon one sort of industry or another. It is not because the *quantity* of labour increases, that corn profits will diminish. That change will merely affect prices. A farmer, indeed, who has to pay an eleventh labourer, will certainly have more wages to pay. Where he paid two hundred pounds formerly, now he must pay two hundred and twenty. But the shoemaker will need no eleventh man. True: yet he must pay his ten men at a higher rate. The payment fastened upon the farmer for an extra man, for an extra quantity of labour, is not that payment which will diminish his profits. For that he will be indemnified in the altered price of his

produce. Sect. 3. of Chap. I. (on value) has sufficiently established—that all changes in the *quantity* of producing labour, whether up or down, settle by corresponding changes upon the price: if the labour required is more, the price of the product is more: if less, less. And the new price indemnifies the employer—whether farmer or shoemaker—for the new quantity of labour. So far, therefore, the cost of the eleventh man is nothing to *him*: yet the eleventh man must be paid for; and that is something to the public, for, in order to pay him, ten per cent will now be added to the price of their wheat. But thus far the farmer is no further affected by the change than as he also, in the persons of his household, is a *consumer* of wheat. To that extent he must be a sufferer in common with every body else, but not as a *producer*. Next, however, comes another change: in consequence of this rise in wheat, caused by the necessity of an eleventh man, all the ten men and the eleventh besides will need extra wages. Some addition must be made to their wages, or else at the new price of wheat a class of men, to whom wheat forms so large an item upon so small a total expenditure, would sink suddenly in the scale. Now, *here* it is that the shoemaker will be caught. His shoes, it is true, will not cost more *labour* in making, because wheat costs more labour, except indeed by the trifle additional on hides; and that trifle will be repaid in the price of shoes. But how will *that* indemnify the shoemaker for the new *rate* of wages paid to the old quantity of labour? Suppose him to keep ten

journeymen, he (you allege) is not in the situation of the farmer: he is under no call to employ an eleventh, as a *conditio sine qua non* for obtaining the old amount of produce. Ten men will produce as many shoes now as they did before. True: but will these ten men be contented with the same rate of wages? They cannot: upon them, as much as upon the farmer's men, rests a necessity for reimbursement with respect to the new ten per cent charged upon wheat. Suppose wheat to form one-half of their household expenditure, then five per cent upon their total wages will be requisite to meet the ten per cent upon grain. Suppose (which is more probable) that wheat forms one-third of their total expenditure, then L.3, 6s. 8d. upon every hundred pounds paid in wages will be the requisite increase. But, considering the concurrent increase which will affect all articles (such as wool) depending equally with wheat upon the home soil, and considering the increased costs upon advances of capital, it is not too much to say—that a ten per cent rise in grain will raise wages universally by five per cent. And in that word "*universally*" we are reminded of the *nexus* between agricultural and manufacturing industry, which effects the translation of changes from the one to the other. The original "move" in the game, viz. the descent upon a soil of lower capacities, is undeniably nothing to the shoemaker. His shoemaking does not therefore descend upon less productive journeymen or more intractable hides: wheat is

less in quantity, but shoes are not less in quantity. No; but soon the reagency of the first change travels back upon the shoemaker by a second. Wheat forms a conspicuous part in the household system of diet for *all* labourers alike. A man does not grow fat because he drives fat oxen: nor does a ploughman's family consume more wheat, because the head of it produces wheat. The shoemaker's family consumes as much. And although the primary change, viz. the increased labour upon growing wheat, is a matter of very great interest to the landowners, and of very little interest to the owners of shoemaking industry; yet eventually that primary change which throws new labour on the land, has the secondary effect of raising price upon its produce: and then the change becomes quite as interesting to shoemakers as to ploughmen. The shoemaker escapes at first: true; and there is no wonder in *that*; for even the farmer escapes. He hires a new man; but he knows that the new price to be anticipated for grain will pay for the new man. Yet, no sooner is this prospect realized, than the farmer finds *himself* suddenly reached by the new price in his character of consumer; and unfortunately every workman in his service, both ten old ones and an eleventh superadded, is also a consumer. So here comes a sudden call for a *bonus* to twelve families, those of the farmer and his eleven men, notwithstanding the payment of the eleventh man (as to the *old* rate of wages) is undertaken by the public in the new price of wheat. But precisely these secondary

changes reach the shoemaker and all *his* workmen through the very same agency at the same time.

Here, therefore, in this complex process, always existing by way of tendency in improving countries, we read the whole law of profits. A change commences upon the land, which is nothing at the first to any interest *but* the landed. Originally it is a change which has its beginning and its end upon the land. But unfortunately that inevitable "end" is an augmentation of price upon the produce of land. And then in one hour all the world is overtaken by the change—every man in his consumption, capitalists in wages. In *every* department of industry, unless so far as it is conducted by non-wheat-consuming machines, wages rise so as to indemnify the animal labourer (man, horse, or bullock) for the increased cost of his consumption. And yet this rise of wages, this rise in the *price* of labour (as opposed to a rise in the *quantity* of labour) cannot be fetched back in the price of the products: that has been shown at length in Chapter I.: nevertheless it must be paid; and what fund is there available for the payment, except profits? Clearly there is no other; and therefore profits must eternally pay by diminution for these increases in the rate of wages. Consequently, by the natural *nisus* in every country, profits are always descending. But, on the other hand, there is a *nisus*, directly antithetic to this, which is always tending to raise profits, viz. the continual improvement of soils, (either *as* to the

cost of working them, or  $\beta$  as to the amount of their produce under the same cost,) which in effect, upon any period of two centuries, acts for us precisely as an original endowment of the land with much higher capacities. Land, which ranked as No. 20 at the Crusades, may now perhaps stand at the same rating on the scale, it is still No. 20; but the No. 20 land of these days is equal in absolute produce to the No. 4 land of the Crusades. Hence it is, viz. by this counter-*nisus* in the land, that profits have not long ago fallen to nothing. There is a continual tendency towards nothing, which would soon become effectual, through the expansion of population forcing land upon worse soils, were it not continually retarded and fought back through this opposite expansion in the everlasting improvement of science, practical skill, social arrangements, or capital. But whether profits, under the one tendency, are hurrying downwards for half a century, or, under the antagonist tendency, are abruptly ascending, or, under the two acting in combination, are held stationary—alike in all cases we see that it is the land which gives the original impulse to profits; and, alike in all cases, by and through the same agency of wages. Always there can be no rise or fall for profits which will not presuppose a corresponding fall and rise for wages; always the *initial* movement must take place in the wages.

One sole evasion of this doctrine I can imagine as

possible even to a thoughtful man, since I have been acquainted with Mr Malthus's "Ecodomy."\* He might argue thus:—"You talk of an eleventh man, as required by the descent of tillage upon a worse soil. And probably you make way for your arguments by that assumption; but there is no such necessity. Tillage descends upon the inferior soil by means of the ten men." Well, be it so; but mark what follows. The produce under these men must be less, or else the very case in discussion is abandoned; the soil would *not* be inferior, if ten men (the same number as work the penultimate land) could obtain the same produce. The produce is less by the very terms of the hypothesis. Now, it signifies not a straw for the principle concerned *how* much less. But say that each man raises, by one-tenth part, less than he did upon the next superior land. Each in short raises from the new land nine-tenths of his former product upon superior land: so that, had the total product of the ten been 100 quarters of wheat before the change, it will be 90 after the change. But who does not see that, by mere conversion of the terms, if the whole produce of 100 has been reduced to 90, then each individual quarter of wheat has cost one-ninth of a man, whereas before it cost only one-tenth of a man? Yet this most obvious truth Mr Malthus failed to see: and he has repeatedly argued, in a case where the produce

\* "Principles of Political Economy"—first published in 1820.

had sunk whilst the labour employed was the same, as though the return had varied, but not by any variation in the producing labour. It is, indeed, the common paralogism, and too natural to excite much wonder for itself, that if upon the same farm you have always kept five men, and in 1800 their product was 25 quarters, but in 1840 was 50 quarters, you are apt to view the produce only as variable, and the labour as constant: whereas *virtually* both have varied. In 1800, each quarter must have cost one-fifth part of a man, in 1840, each has cost no more than one-tenth part of a man. If the wheat harvest of 1844, by some unprecedented blight or locust attacking the plant in England, should fall suddenly to one-tenth part of what it was in 1843, you could not say with any accuracy that the labour had been the same, but the result different. On the contrary, for the very reason that the number of labourers had been the same, the producing labour must have been by ten times greater. For surely it has cost, by the supposition, ten times as much labour to raise any given portion of produce, (one bushel, a thousand bushels, &c.,) as it did in 1843. It is, therefore, a matter of no consequence at all whether we assume an eleventh man in order to sustain the *same* produce, or assume a diminished produce from the ten men. This is but an inversion of the same *formula*.\*

\* "An inversion of the same formula."—Such an inversion, the reader may fancy, might escape a clever man's eye for itself, but

Nor would it have deserved this notice, were not the blunder so common, and specially so in the "Principles" of Mr Malthus.

In this instance, therefore, the objector is silenced; because his own case, supposing a less produce with the same labour, does in so many words confess—that, with the same number of men to pay, (*viz.* ten, upon his way of stating the case,) there will in the first place be a diminished fund for paying them. Undoubtedly, in the second place, this diminished corn fund will be compensated in a higher money price. But then, in the third place, this higher price, which merely restores to the farmer the lost powers of labour, (*that is,* makes the ten less effective men equally valuable to him in the money result as the ten men on the old standard,) will not also pay the difference between the old and new wages; for the same cause which makes the total produce smaller, makes each bushel of that produce dearer: in this it is alleged the farmer finds his indemnification. True, he does so: but that cuts both ways; for precisely in this higher and indemnifying price, when it

hardly when pursued to its consequences. Mr Malthus, however, has persisted in this blunder, even where it was so pursued, and where it deeply affected the inference; *viz.* during his long attempt to overthrow Ricardo's doctrine of value. He refuses to see, nay he positively denies, that if two men (never more, never less) produce a variable result of ten and five, then in one case each unit of the result has cost double the labour which it has cost in the other. On the contrary, because there are always two men, Mr M. obstinately insists that the cost in labour is constant.

comes to affect the consumption of himself and his men, he finds also his own damage.

But there is still a final evasion likely to move subconsciously in the thoughts of a student, which it is better to deepen and strengthen until it becomes generally visible—than to leave it behind as a rankling perplexity. He has a confused idea that, in the distributions of landed produce, the shares which grow less in quantity sometimes grow larger in value. If a labourer, who got 6 quarters last year, gets only 5 this year, undeniably his corn wages have fallen, and yet his money wages may have risen: for 5 quarters, when wheat is selling for five guineas, will be worth twenty-five guineas; whereas 6 quarters, when wheat sold for four guineas, would be worth only twenty-four guineas. The labourer is therefore poorer in wheat, but he is a little richer in money. Now, the student may fancy that, by an indemnity similar in kind, but perhaps even greater in degree, profits may evade the declension which otherwise accompanies the expansion of agriculture. Where the value of each assignable part may be less, might not a larger quantity fall to the share of profits; and, where a smaller quantity was allotted to profits, might it not compensate that defect by a much greater value? No: if the reader pursues the turns of the case through all changes, he will find the following result invariably following:—as worse land is taken into use, the landlord's share rises both in quantity and value:

secondly, the labourer's share lessens in quantity but increases in value; whilst, thirdly, the profitee's (or farmer's) share lessens both in quantity and value. Of two possible advantages, allowed under the circumstances, Rent comes in for both—Wages for one—Profits for neither. And the sole resource for profits against a never-ending declension, is that antagonist tendency by which from time to time man defeats the original tendency of the land, raising indifferent land in 1840 to the level of what was very good land in 1340—consequently restoring profits (and often much more than restoring them) to that station which they had lost in the interval.

Except by this eternal counter-agency, profits cannot protect themselves by any special remedy against a continual degradation; that redress, which for rent procures much more than an indemnity, and for wages an imperfect indemnity, will not operate at all in behalf of profits. And this shall be exemplified in a simple case. Eight men, upon a known farm, have hitherto raised eighty quarters of wheat. By a descent upon worse land, under the coercion of rising population, ten men are now required to produce the same eighty quarters. That is, heretofore each man of the eight produced ten; but now, on the lower soil, each man of the ten produces eight. Consequently, *on that land which determines the price of wheat*, (see Chapter III. on Rent,) eight men now produce sixty-four quarters. This pro-

duce (since the *least* advantageously grown must rule the price) now becomes the regulating scale for price. Last year, when the produce of 80 quarters from eight men had been the lowest round of the ladder, the price had been L.4 the quarter. Now, when a produce of 64 quarters from eight men is the lowest, the price will rise to L.5. For  $64 : 80 :: L.4 : L.5$ .

But, when the produce was 80 quarters, selling at L.4, the total money produce was L.320. From which amount deduct the wages of eight men, (receiving, suppose each 5 quarters, or L.160 in the whole,) and there will remain L.160 for the profits.

Now, when the produce is 64 quarters, selling at L.5, the total money produce will be still L.320; the higher price having so far compensated the lower produce. From which amount deduct the wages of eight men—receiving each the value of 5 quarters, (or L.200 in the whole,) and there will remain only L.120 for profits.

It is true that the new rate of wages will not proceed on the old scale of *quantity*; the corn wages will somewhat decline; but this will not help the result: each man may not receive 5 quarters as heretofore, but always he will receive the value of more than 4 quarters at L.5: always the eight men will receive more than L.160; or else their wages will not have risen under a rise in the price of corn. Always, therefore, from the same fixed sum of L.320, the deduction for wages being greater, what remains for profit *must* be less.

This, however, it may be said, is an example drawn from the last round of the ladder—from the very last land under culture; first, from that which *was* last some time back; secondly, from that which at present *is* last. Now, upon such land, it has been shown already, (Chapter III. on Rent,) that the entire return always divides between wages and profits; nothing at all is retained for rent. But you persuade yourself that on superior land, on rent-paying land, possibly the result for profits might turn out otherwise. One sentence will settle that point, and convince you that the logic of the case cannot be disturbed. What is it that determines the amount of rent upon any land whatever? It is simply the *difference* of product between the land assigned and the lowest under cultivation. For instance, in the case just now considered, the difference between the produce of the land now lowest, and that of the land lately lowest, is the difference between 80 quarters and 64; that is, a difference of 16 quarters. This *whole* difference would become rent upon the penultimate land. And therefore it will serve no purpose to plead the higher money value upon each one of the 64, compared with the old value upon the 80. For it is evident, that when the 16 are deducted for rent, no matter at what price, the remainder of 64 must follow the same exact division between wages and profits as took effect upon the 64 of the lowest land according to the first exemplification. When the rent is deducted, precisely the same quantity remains for the penulti-

mate land as on the very lowest land—disposable for precisely the same two calls of wages and profits—and disposable under the precisely same law of division.

Here, therefore, we see the whole law of profits as it acts upon the largest scale. But at the same time we are made sensible, that under this law there must be exceptions. The law is founded ultimately on the decline of land, and consequently of profits on land; to which sort of profits, speaking generally, all others must conform. Yet that sometimes they do *not*, is evident from this, that in that case no rate of profits in any one speculation would or could differ from the ordinary rate. The land is always the same, and subject to the same sort of gradual degradation. If, therefore, the land furnished the *sole* principle of regulation, then in any one country (as England,) having the same common land-standard, there could be only one rate of profit. But this we all know to be false. Whence, therefore, come the anomalies? Where lie the other principles which modify and disturb that derived from the land?

It is generally and rightly pleaded, as a sufficient explanation of the irregularities in profits, that originally they ranged themselves upon a scale, differing *apparently* in order that they might *not* differ virtually; in fact, on the same principle as wages. Why do wages differ? Why is it that one workman gets a guinea a-day, and another has some difficulty in obtaining a

shilling? Notoriously because, whilst rude labour is open almost to universal competition, some special labour is hazardous, or disgusting, or under a variable demand, or even disreputable from its incidents; but above all, because it happens to be difficult of execution, and presupposes an elaborate (generally an expensive) education. The labourer is often to be regarded not in the light of a man receiving merely wages, but of a man receiving wages for his daily work, and a considerable interest on the capital which he has been obliged to sink in his education. And often it happens that, as the modern processes of art or trade become more and more scientific, wages are continually rising. The qualifications of a master or of a mate, even in the commercial navy, are now steadily rising. Possibly the wider range of chemical knowledge, in such employments as dyeing, brewing, calico-printing, may devolve in its growing responsibilities chiefly upon a superior rank of workmen. In coining, or striking medals, where the ambition of nations is now driving their governments into substituting for that base mechanic art prevalent in Christendom, the noble fine art patronized in Pagan ages, it is probable that a higher class of workmen is slowly coming into request. And in the business of forgery applied to bank-notes, a business which once gave employment to much capital and various talent, simply by a rise in one qualification that whole interest has been suppressed. Besides a



peculiar paper, manufactured with difficulty and hazard, the talent of engraving was required in provincial practice. Now, the profits might have paid for skill of that nature; an accomplice might have been elaborately educated for the purpose; but inevitably, as this man attained the requisite point of excellence, he found that his talent was opening to him a safer channel for employing it: he could now keep a conscience. In the service of one vast public agency, that of travelling, so great has been the rise of qualifications, that of late even an academic examination has been talked of for the working engineers, &c., or (as a vicarious measure) a probationary appointment, contingent for its ratification upon the results of a rigorous trial. In medicine again, the improvement, having kept pace with the expansions of chemistry, botany, and physiology, has spread downwards to the body of druggists: these are the lowest class of medical practitioners; and I believe that now they look for higher attainments in their servants, or for a higher fee as the condition of communicating such advantages.

The writer of the "Critical Dissertation on Value" offended heavily against logic, when he represented these varieties of level in wages as inconsistent with Ricardo's doctrine upon the relative quantities of labour. Too readily he allowed himself to suppose that Ricardo had "*overlooked*" facts or consequences, which, by possibility, to have overlooked, would have argued a sheer

incompetence in one whom elsewhere he does not deny to have been vigilant as well as able. Prices, says Ricardo, are directly as the producing quantities of labour; and the objection is—that an article which costs three days' labour at half a crown, bears a price, suppose of ten shillings; whilst another article, costing the very same quantity of labour, but of labour paid at the rate of one guinea a-day, may bear a price, possibly of five guineas. How, then, does mere quantity of labour express itself exactly in the price? *Answer*—the gamut, the scale of differences as to the *quality* of labour is postulated from the first; no man could be so slothful in his intellect as to have overlooked that: it forms the starting-point of the whole calculation. In this objection there is nothing which affects Ricardo. He is not called upon to reply. What *would* be an objection—is the case in which it should be shown that, doubling or trebling the quantities of labour, you would not therefore double or treble the prices of the product. Show that, on the rise of labour, in each case, from three days to six days, the price would not rise from ten shillings to twenty, or that it would not rise from five guineas to ten, (after making the allowances for machinery, &c., which it is superfluous to repeat,) and then you have destroyed Ricardo—but not else.

To profits the very same considerations apply. Profits are a mode of wages upon capital; and, naturally, men must be tempted by higher gains, contingent

upon success, in order to compensate greater disadvantages arising to themselves from a particular employment. For instance, amongst modern Christian nations, what between a few sincere and many insincere prohibitions, at length the commerce in slaves has been denounced and made punishable. But that which at any period sustained and alimeted this extensive trade, was the institution of slavery. Now this, considered as a bribe on the trade in slaves, flourishes more than ever. So long as a vast machinery of servile labour exists diffused through the continent and islands of America, so long there will be a silent bounty always proclaiming itself upon the supplies needed for keeping up that machinery; for African slaves, under whatsoever causes, rarely keep up their own race. Talk, therefore, in what delusive or self-deluding language they may, our home politicians have yet devised no effectual means for suppressing a trade continually more lucrative, or for defeating a commercial interest which thrives by its own ruins. The losses by interception are very great. Doubtless; but these losses furnish a sound plea for extra profits. The higher profit, up to a certain point, is indeed no more than insurance upon the general adventure; but the great advance on the personal share of the risk, which cannot be shifted from the captain, or chief authority on board, entitles him to look separately for an advance on his own individual dividend. This rate of advance,

concurrent between the two interests of the captain and the owner, must grow with the growing embarrassments of the trade. At length, indeed, these excesses of risk might reach a point at which they would no longer be supported by a corresponding development in the *affirmative* values of slave labour. A cost or negative value cannot transcend the affirmative value. A slave is but a working machine. So much work may be extracted from him; and the value of this work will mount for a time, as the cost of the slave mounts. But at length the work itself, the product of the slave, will have reached its *maximum* of price. After *that*, if the cost should still go on increasing, the slave passes into a source of loss. This tendency, according to the variety of circumstances, local or personal, ranges through a large scale of degrees: not until it becomes absolute can we look for an extinction of the commerce.

Such and many other causes for variation in profits are always at work. And this variation is real, and proportional to its known causes. But, finally, we are crossed by a new consideration, which sometimes seems to concern the mere *ratio cognoscendi*, and sometimes the *ratio essendi*. Often, to this day, it continues to be difficult, and in ruder times it must have been impossible, to approximate, even by conjecture, towards the true rate of profits in very many employments of capital. The dispute is not on the realities of the case,

(here the profits are twenty—there, for no adequate cause, fifty,) but on the constructions of the case, (this man rates the profits at twenty—that man at fifty :) or, again, the differences are reversed. Alternately, in short, we are puzzled by the *principium essendi*, and again, by the *principium cognoscendi*.

Now, then, with respect to both of these principles, the principle which makes profits what they are, and the principle which appreciates profits, I will call the reader's attention to four important mistakes.

I. It has been a blunder long current in books, and yet so momentous in its consequences, that no epithet of blame can be too strong for it, practically to confound the mere *replacement* of capital with the *profits* upon that capital. When a man distributes the cost of all articles into rent, profit, and wages; or when, upon a sounder economy, he distributes this cost into profits and wages, evidently he commits that mistake: much of the cost is frequently *neither* rent, profit, nor wages. It is simply a restitution of capital, which leaves the whole *positive* returns unaffected.

II. Adam Smith has sharpened our attention to the common case, where that, which really is no more than wages for services performed, ranks in popular appreciation as profit. A surgeon, for instance, receives as the reward or *honorarium* of his science, what is

falsely classed as profit on his capital. Under the former case, that which is alike foreign to profit and wages was classed as profit; under this, the confusion takes place internally between the two.

III. When the question arises: How are profits kept down to the average level, or, in other words, suppose that, by any combination amongst capitalists, it were determined arbitrarily to raise profits, where lies the true natural counteraction to such an attempt?—the common answer is, in competition. It is rashly assumed that all such injurious attempts are defeated by the instantaneous introduction of more capital, under rival interests, into the trade or manufacture. But this is not always possible. Capitalists do not so easily enter a trade or withdraw from it. In a country so exquisitely organized as England, it is true that capital moves with velocity where the capitalist cannot move; and of this we have a luminous explanation in Ricardo.

Ricardo, who, as a stockbroker, stood in the very centre of the vast money machinery accumulated in London, had peculiar advantages for observing and for investigating the play of this machinery. If our human vision were fitted for detecting agencies so impalpable, and if a station of view could be had, we might sometimes behold vast arches of electric matter continually passing and repassing between either pole and the equatorial regions. Accordingly as the equilibrium were

disturbed suddenly or redressed, would be the phenomena of tropical hurricanes, or of auroral lights. Somewhat in the same silent arches of continual transition, ebbing and flowing like tides, do the re-agencies of the capital accumulated in London modify, without sound or echo, much commerce in all parts of the kingdom. Faithful to the monetary symptoms, and the fluctuations this way or that, eternally perceptible in the condition of every trade, the great monied capitalist standing at the centre of this enormous web, throws over his arch of capital or withdraws it, with the precision of a fireman directing columns of water from an engine upon the remotest quarter of a conflagration. It is not, as Ricardo almost *professionally* explains to us, by looking out for new men qualified to enter an aspiring trade, or by withdrawing some of the old men from a decaying trade, that the equilibrium is recovered. Such operations are difficult, dilatory, often personally ruinous, and disproportionately noisy to the public ear in the process of execution. But the true operation goes on as silently as the growth of light. The monied man stands equidistantly related to many different staple interests—the silk trade, the cotton trade, the iron trade, the timber and grain trade. Rarely does he act upon any one of them by direct interpolation of new firms, or direct withdrawals of old ones. An effect of this extent is generally as much beyond his power as beyond his interest.

Not a man has been shifted from his station; possi-

bly not a man has been intruded, yet power and virtue have been thrown into vast laboratories of trade, like shells into a city. But all has been accomplished in one night by the inaudible agency of the post-office, co-operating with the equally inaudible agencies of capital moving through banks and through national debts, funded or unfunded. Such is the perfection of our civilization. By the simple pressure of a finger upon the centre of so vast an organization, a breath of life is hurried along the tubes—a pulse is enlivened or depressed—a circulation is precipitated or checked, without those ponderous processes of change indispensable on the Continent, and which so injuriously disturb the smooth working of general business. Acknowledging, therefore, as a fact first exposed clearly by Ricardo, that enormous changes may be effected, and continually *are* effected, without noise or tumult, through the exquisite resources of artificial action, first made possible by the great social development of England; acknowledging by consequence that, for the purposes of competition, capital to any amount may be discharged with a velocity inappreciable to the Continent; upon a considerable variety of creative industry, there is yet good reason to deny the possibility of that competition which is so generally relied on for the practical limitation of profits seeming to be in excess.

Upon serious reflection, how can any rational man imagine that, as a matter of course, by increasing the

manufacture of razors or of scissors, he could increase their sale? That sale is predetermined by the need; and though undoubtedly a very slight need may come to operate as a great need when the price is suddenly or much lowered, yet *that* is merely a transitional effect; the lower price is probably *binomial* price, and binomial price cannot last; by its very nature it is a force tending to a particular effect, viz. to equilibrate the supply with the demand, and as soon as that tendency is accomplished, *there* it ceases.

The expression, however, of such a case may be designedly made equivocal. Let us, therefore, force the lurking notions in this sophistry to "show out" and expose themselves; by which means we shall know how to shape the reply.

*Case a.*—The insinuation is sometimes this—That the *rate* of profits will be diminished; that there will be a difference of so much per cent on the manufacture of the given article; and that, by giving to the buyer the benefit of this difference, free competition will reduce profits through an extended sale. But in a large mass of cases no such agency is possible. A man buys an article of instant applicability to his own purposes the more readily and the more largely as it happens to be cheaper: silk handkerchiefs having fallen to half price, he will buy, perhaps, in threefold quantity; but he does not buy more steam-engines because the price is lowered. His demand for steam-engines is almost always

predetermined by the circumstances of his situation. So far as he considers the cost at all, it is much more the cost of working this engine than the cost upon its purchase. But there are many articles for which the market is absolutely and merely limited by a pre-existing *system*, to which those articles are attached as subordinate parts or members. How could we force the dials or faces of timepieces by artificial cheapness to sell more plentifully than the inner works or movements of such timepieces? Could the sale of wine-vaults be increased without increasing the sale of wine? Or the tools of shipwrights find an enlarged market whilst shipbuilding was stationary? The articles and the manufacturing interests are past counting which conform to the case here stated; viz. which are so interorganized with other articles or other interests, that apart from that relation—standing upon their own separate footing—they *cannot* be diminished in price through any means or any motive depending upon the extension of sale. Offer to a town of 3000 inhabitants a stock of hearses, no cheapness will tempt that town into buying more than one. Offer a stock of yachts, the chief cost lies in manning, victualling, repairing; no diminution upon the mere price to a purchaser will tempt into the market any man whose rank, habits, and propensities had not already disposed him to such a purchase. So of professional costume for bishops, lawyers, students at Oxford, or the separate costume for Cantabs.

From cases of the same class, absolutely past counting, we must be sure that the conceit of competition, having any unconditional power answerably to contract or expand the market for commodities, is fitted only for a childish or inactive understanding. Universally all things which are sold may be thrown into three classes—first, a small class, in which the very least bias given favourably to the price will increase the sale; secondly, a much larger class, in which nothing short of a very strong bias will avail for such an increase; thirdly, a class the largest, in which no bias whatever, from the very strongest impulse communicated to the price, can overcome the obstacles to an extended sale.

*Case β.*—But under this delusive form of words lurks often quite another meaning: not the *rate* of profit is to be diminished by competition, but the separate dividends of each individual. It is not that profits are to fall from 16 to 12 per cent; no, the 16 per cent is to continue; but the ten thousand pounds annually disposable on such a 16 per cent will be otherwise distributed; forty capitalists will have crowded in, to average a gain of L.250 for each, where previously twenty had averaged L.500. This, however, is a change in many cases quite impracticable; in others, far from beneficial\* to the

\* In reality, the disposition to the engrossment, by large capitalists, of many farms, or of many cotton-mills, which is often complained of injudiciously as a morbid phenomenon in our modern tendencies, is partly to be regarded as an antagonist ten-

public interests; and in any case, having no tendency at all to the diminution of price, consequently no possible tendency to an extension of the market. What puzzles the student is this: from Ricardo he has learned—that a change in profits will not produce any change in price. Such a change settles upon wages; in fact, it has settled already upon wages. Any change in profits argues “a foregone conclusion,” presupposes a corresponding change *already* made in wages, before the change in profits could arise. And if, therefore, a violent or conventional reduction should take place *originally* in profits, he is at a loss to trace the consequences of what he has been taught to view as impossible. For Ricardo has taught him that a change cannot *commence* in profits; that function of industry is not liable to any *original* affection of change; any change must be derivative, must be secondary, which reaches profits. Yet how, if a sudden and violent reduction were made primarily upon individual profits as a desperate resource of competition? Conventionally and arbitrarily such a

dency, meeting and combating that other tendency irregularly manifested towards a subdivision too minute in the ordinary callings of trade. The efforts continually made to intrude upon the *system* of a town, or a quarter, by interpolating an extra baker, grocer, or druggist, naturally reacts, by irritating the counter tendency to absorb into one hand many separate mills, &c., or to blend into one function many separate trades. In Scotland, for instance, grocers are also wine-dealers, spirit-dealers, cheesemongers, oilmen.

change might be made by a little faction of sellers for the sake of underselling others, without any power on their part to meddle with wages. Out of a profit nominally 30 per cent, the piratical minority might agree to sacrifice a third; and sometimes the more easily, because on large establishments a considerable *per centage* is often made into a mere fund for replacement of costs that do not exist for petty establishments. For instance, the virtual obligation resting upon a great inn, to keep rooms, with fires burning and other accommodations, baths, servants, &c., *always* in readiness for summary calls, forms one of the titles under which such an inn charges a higher price for a dinner substantially the same in quality, than a petty inn exonerated from a similar obligation. As much as 10 per cent calculated on a mean proportional between the little inn and the great inn, may perhaps be sequestered for such *extra* replacements, before the great inn and the little one could start fairly in competition. So that, undoubtedly, there is room, there is an opening, for such a violent reduction of profits; and, *à fortiori*, there is room when there happen to be two funds for meeting that reduction—viz. the fund of replacement, (falsely called profits,) pressing exclusively on the one of two competitors; the fund of true profits, accidentally high for both. Yet, supposing such a case actually to occur, eventually it will not disturb any reasonings of Ricardo. After all, it is no more than that case of competition so common in

England before the era of railways, where two rival coach proprietors ran down the ladder of prices until at length the strife lay on the other side the equation—which of the two competitors should have the honour of giving the more costly dinner *gratuitously* to their passengers. I have myself travelled by coaches who were rapidly nearing the point at which their contest would be—not for payment to be received, but for payment to be given. How did all such struggles end? By the defeat and retirement of the one party when exhausted of his resources, by the final establishment of the other in a virtual monopoly. Yet on behalf of our English social condition it speaks well, that this monopoly, out of which the victor naturally paid himself for his sacrifices, was never pushed to any blamable excess. “True,” it will be said; “but *that* was because he feared to provoke another competition.” Very possibly; and often undoubtedly it was so. Yet that result of itself shows how excellent is the training of a sound and healthy economic state for moderation, equity, reasonable enterprise, and all the moral qualities incident to the position of capitalists in that rank. This is a separate theme hitherto untouched; but, undoubtedly, it will furnish a subject hereafter for special speculation—that as a good police, a good system of national education, a good legislation, a good executive jurisprudence, so also a good basis of political economy recommends itself, *inter alia*, by showing a

far greater natural adaptation to the virtues which need encouragement in the productive classes. The case, as a difficulty in political economy, or as any demur to Ricardo, does not merit consideration; nor should I have considered it, except that naturally it arises in the series of phenomena for some notice, and that M. Baptiste Say (who, with as little logical power as Malthus, has even more of ingenuity) chooses, under another form, to consider it weighty. Meantime, it is sufficient to reply as to any conceivable disturbance in price accomplished by a sudden conventional renunciation of profits—that it falls to the ground through one simple explanation. Political Economy undertakes to explain the natural and mechanic effects from the inter-agencies of certain elements; but, wherever these effects are disturbed by voluntary human interferences, there ceases the duty of economy. As well might you demonstrate the 47th of 1st “Euclid” by sabring a man who should deny it; or insist that the cost of wheat at forty shillings a quarter would not govern its price, because a Turkish pacha, under those circumstances, had fixed the *maximum* at thirty shillings; or that gravitation would not cause a guinea to tend downwards, because you had nailed it to the wall. Once for all, the tendencies or natural effects in political economy, any more than in physics, are not overruled as principles, because an external coercion hinders them from operating as facts. *Silent inter arma leges*; and the same

thing is true of natural and immanent laws, such as those which silently govern the agencies and re-agencies of the several forces at work in Political Economy. External coercion suspends those laws; and for the time of suspension Political Economy has no existence.

IV. Upon this subject of profits, it becomes plain as we advance—that the *esse* is closely connected with the *scire*. To make even a plausible guess at the possibility of diminishing profits, it is essential to know what regularly they are. Now, when it is considered how often mere wages pass for profits, (as noticed at page 226 under No. II.)—how often the simple replacement of costs will pass for profits, (as explained at page 226 under No. I.)—how often an excess of profits will be fancied when there is merely a remuneration for *extra* skill, *extra* risk, *extra* trouble, *extra* uncertainty, (as noticed at page 234)—every body must see that it is a very elaborate problem to ascertain even for one year, still more for a fair average of years, *what* has been the true rate of profits upon the capital employed in any one trade. Nobody but the individual tradesman has the means of ascertaining his own profits; even he very uncertainly; and, as regards the profits of his own occupation generally, he can do no more than guess at them. How, then, is any thing at all known to economists on this subject, or even to practical enterprisers? I answer that, as a general case, very little *is* known. In ninety-nine cases out of a hundred, no man knows even the gross



nominal profit, far less the true and net profit which remains after all the allowances and distinctions explained. Confidential servants, it is true, and banking-houses, cause the revelation of many secrets; for a manufacturer, eager to obtain aid, will volunteer to his banker that unreserved communication of his affairs which he would scornfully refuse to the demand of curiosity. But no man can reveal more than he knows; and it is certain that, unless in those simple trades which rest on a primary necessity of life, (as, for instance, the trade of a miller or of a baker,) few managers of an extensive business could safely declare any *rate* of profit upon less than a seven years' average. When an outward-bound vessel from England arrives at Madras or Calcutta, she can declare a daily rate of sailing; but it would be impossible for her to do so (not being a steamer) in any serviceable sense, after a single fortnight's absence from the Thames. Now, when to this difficulty of approximating towards any representative rate of profit, is added the impossibility already explained, in a majority of cases, for any competitor to *act* upon such a declaration of profits, unless he could also, and simultaneously, extend the sale of the article—enough has been said to show the puerility of that little receipt current amongst economists, viz. unlimited competition for keeping down profits to one uniform level. The sole principle under which profits can rudely be known, is the principle under which, in any age, profits can at all exist. And what is *that*? As already explained, it

is the rate of profit allowed upon land. For, through one natural link, viz. the equal necessity of landed produce to all workmen alike, this rate becomes the operative rate, in a gross sense, for all productive industry whatsoever. The pasture land and the corn land of every nation constitute, in effect, the *vis regulatrix* for appraising the rate of profit upon all capital, in whatever direction employed. But, because cultivation is always travelling downwards towards land worse and worse, does not this general law of profit authorize us to say, that profits must be continually descending as society advances? No. The student knows, but he cannot too often be reminded of a truth every where forgotten by Ricardo, that always the land is travelling downwards, but that always the productive management of land is travelling upwards. The two tendencies are eternally moving upon opposite tacks; and the result is—that now, in 1844, under the great lady of the isles, profits are undoubtedly higher than in 1344, a period of corresponding splendour under Edward III. Not in an *absolute* sense merely they are higher, as if total England in one age were balanced against total England in another—that they are by an excess too enormous to measure—but in the *ratio* they are higher, in the returns relatively to the capital employed.

Is there no other mode, simpler and shorter, for ascertaining the rate of profits? Can we no otherwise learn what profits *are* than by reading *d priori* in the

agriculture what the possibilities will allow them to be? Yes, notoriously there is an index, far simpler and readier of application, had it always been kept true to itself. This index is INTEREST. Much will be given for money, when much can be made of it. But unfortunately in semi-barbarous ages the converse does not hold; the inference is not good, that much can be then made of money, simply because much is given for it. Until insurance-offices, a regular post-office, mercantile law, international intercourse, and other securities to commerce had arisen with rising civilization, a very large proportion of all usury exhausted itself upon the mere insecurity of capital: the losses were then enormous through social imperfections; and, after ten years' run in such a lottery, the real profits would oftentimes be less than under the very moderate usury now exacted. Trading upon borrowed capital was then undoubtedly a rare case. This is to be lamented: because else, interest would be a common measure for profits as between all ages alike. We might then say universally, that the rate of interest was the *principium cognoscendi* in relation to mean profits; and reciprocally, that the rate of profits was the *principium essendi* in relation to ordinary interest. Profits would *cause* interest to be thus or thus: interest would *ascertain* profits to be thus or thus. But, between ages in which the proportions allowed on every loan for its mere insurance vary so widely, the ratio of the two is no safe criterion.

Even at present there is a form of speech current amongst public men, silently corrected by the knowledge of all who have any experience, and yet in the last degree misleading to the recluse economist and to the public. It is said daily in every morning paper, it is said in the House of Commons, that money is not at this time worth 2 per cent. Why, surely it is not pretended, that as yet there has been any difficulty found in buying into the funds. Now the funds will give a trifle more than 3 per cent; whilst upon a small part of these funds, for the foolish reason that the dividends upon them are paid at the South Sea house and not at the Bank, (which leads people into fancying that they are less solidly engrafted on the national faith,) a trifle more can be had. "Ay, but this was money, you are to understand, which I wished to employ during an odd interval between two other employments of it." Yes, now the truth comes out; the brief explanation is, that the money could be lent only under the condition of recalling it on a summary notice, or on none at all; and for this condition, which constitutes a special privilege in favour of the lender, naturally (as for any other privilege) he is obliged to pay. A peculiar case has entitled the borrower to a peculiar discount: how does *that* establish any general or prevailing rate of interest? The very case of Exchequer bills may show that it does not. Ricardo, as a man daily witnessing

the traffic in such bills, and himself largely partaking in it, reasonably had his attention drawn to the fact, that they bore an interest far from corresponding to that on the funded debt. The interest was not so high as it ought to be. Yet why? Could it be denied that the security was equal upon the Exchequer bills? Nay, was it not the very same? For that man deceives himself who fancies that the wicked anti-social enemies of our public prosperity—"Socialists"—"Jacobins"—"Chartists"—would make any distinction between a debt resting upon the assignment of special funds, and another debt resting only upon pledges of Parliamentary faith. If that fatal day should ever dawn upon England, when villains of this quality will be able "to lay their hands upon the ark of our magnificent and awful cause," of the two debts, they would treat with more consideration this latter, as being rarely more than one to forty when compared with the other. But what *they* might choose to do in an event abominated by all upright men, luckily has never yet seemed near enough to be worth estimating on the tariff of evil contingencies. No fraction of interest has yet been paid *extra* on the chance of being spared by public robbers; no fraction has been deducted from interest on the notion of standing first in the lists of confiscation. It could not be *here*, it could not be in this remote contingency, that the lower interest yielded by an Exchequer bill found its justification. No, it lay in the

*instant* convertibility of this security into money. Had you lodged a thousand pounds with a London banker, doubtless you could draw it out by a cheque within the next ten minutes; but then for that very reason, by way of balancing so summary a liability, this London banker will allow you no interest, not if you left it in his hands for five years. On the other hand, had you lodged it with an Edinburgh or Glasgow banker, he would have allowed you a fair interest on the sum, whilst the security would be equal; but then for that very reason, by way of balancing that liability to interest, the Scotch banker will not allow you to draw it out unless after a long notice. But throw your thousand pounds into the shape of an Exchequer bill, and without further anxiety you may place it in your writing-desk, certain of realizing both advantages; viz. the London advantage of instant availability, the Scotch (or English provincial) advantage of current interest during the interval of non-employment. So far the Exchequer bill has a conspicuous advantage, which, under a limitation to the amount of such bills, is very considerable. As compared again with stock in the 3 per cent consols, the Exchequer bill has other advantages, which for a banker become very important. In reality, so great were the advantages when Ricardo wrote, (1817,) that he estimates the interest per cent on an Exchequer bill at  $L.4\frac{1}{2}$ ; whilst on a hundred pounds

of a stock then existing at 5 per cent, (which could be bought at that moment for L.95,) the interest was about L.5½. The advantage must evidently have been inversely as the interest; and that advantage lay partly in the instant convertibility, partly in other accidents of convenience valuable to bankers.

But in many other cases of advantage, which upon a gross view seems equalized, there is often an excess upon one side from causes not instantly perceptible. Why should a 3 per cent stock have been more valuable than a 5 per cent stock, both debts having been contracted on the same *virtual* basis of interest? It is not so where circumstances forbid any expectation that either will be paid off. But when the fall of interest in the general market has made it certain that a prudent government will use the opportunity for reducing their debt, it becomes evident that in England they will commence the operation upon the 5 per cents. If money should *really* sink to 2 per cent, it will then answer to pay off the 3 per cents. But we are safe until that happens; and we are safe even after it happens, so long as any higher stock of sufficient magnitude interposes to receive the first assault. A 3½ per cent, or a 4 per cent stock becomes an outwork, exhausting for some years the efforts of government, and in the mean time giving security to the inner citadel of the 3 per cents. That sacred fund

enjoys the privilege of *Outis* in the den of the Cyclops, viz. of being swallowed last of all. Consequently it must pay for that privilege. And thus, but not until times in which the downward tendency of interest\* should raise a growing presumption of extensive operations for diminishing the public debt, might a 3 per

\* "*But not until the downward tendency of interest,*" &c.—And, on the other hand, by parity of reason, if, 1. through draining; 2. guano; 3. bone dust; 4. spade culture, &c., the agriculturists of this country should, (as probably they will, if not disturbed by corn traitors,) through the known antagonist movement to that of rent, translate the land of England within the next century to a higher key, so that No. 250 were to become equal in power with the present No. 210—and so regressively, No. 40 equal with the present No. 1—in that case all functions of capital (wages, rent, profit) would rise gradually and concurrently, though not equally. Through the known *nexus* between landed capital and all other capital, it would follow that all manufacturing capital (wages and profit) must rise; since, after all, however far removed by its quality or its habits from agricultural industry, not the less the very ultimate refinements of industry in the arts or manufactures must still come back to the land for its main demand, viz. of beef, mutton, butter, cheese, milk, bread, hides, barks, tallow, flax, &c.: even for the haughty artist of cities, the coarse rural industry must be the final *vis regulatrix*. This being so, it follows, that under an advance in our agriculture, such as even the next generation will probably secure, (through the growing combination of science and enormous capital,) profits must rise in their *rate*, and therefore interest. Consequently it will not then answer to the government, under the legal *par* of the English funds, to borrow for the sake of paying off any stock whatever. They will not be able to obtain money on any terms that could offer a temptation for paying off a 3½ per cent stock.

cent fund bear a higher relative price in the market than a  $3\frac{1}{2}$  per cent, (both being supposed to stand on our present English footing in their origin.)

Ricardo mentions another case, with which I will close this sub-section — as furnishing in fact the direct converse to the case so mendaciously paraded, where money yields only 2 per cent, and as furnishing therefore the appropriate answer. “To pay the interest of the national debt, large sums of money are withdrawn from circulation four times in the year for a few days.” *Four* times, and not *twice*, because the half-yearly dividends fall at one period for certain stocks, at a different period for other stocks; by which means the disturbance, though reiterated more frequently, is lightened for each operation. Such is the fact—what is the consequence? “These demands for money, being only temporary, seldom affect prices; they are generally surmounted by the payment of a large rate of interest.”—(P. 415.) Now, would it not be monstrous to urge that casual tilt upwards in the rate of interest as a representative change in the current and prevailing rate? Equally dishonest it is, *ex analogo*, to urge, under the notion of being any representative rate, that occasional 2 per cent which is caught at by elaborate artists in the use of money, not as in itself the highest interest, but as the highest compatible with a much higher rate lying in the rear, though suspended for a few weeks.

V. From all these details of the 4th section, I argue—that although the *res esse* and the *res percipi*, with respect to profits, stand in some practical relation to each other, especially under the guidance which exists in the mean rate of interest—still even this guidance, as regards any given mode of industry, is doubtful, and not at all certain as the index to the average; whilst to act upon it, to apply fresh capital simply because there seems to be an opening advertised for such an application in the reputed rate profits, would often be found impossible—often ruinous. It would be saying in effect—“Because the Grand Junction Canal is reputed to pay a higher return on its shares than is customary since the depression of canals by railroads, therefore we will make two Grand Junction canals.” The profits perhaps, after all, are not accurately known under all the quinquennial or decennial deductions for repairs, for fluctuations of traffic, for injurious taxes, &c.; but, if they *were*, so far from justifying a second canal, that second canal would probably ruin both. Meantime there is one cause of difference in the very *esse* of profits, as alleged by M. Jean Baptiste Say,\* which is too momentous if true, and too extravagant if false, to permit me to

\* This circumstantiality is requisite, because there is another Monsieur Say in the market, of whom (being dead, I believe) it may now be said, without offence, in the words of an ancient Joe Millerism—that if *he* is a counsellor also, he is not a counsellor *likewise*.

pass it over in silence. There is a special reason why no English writer should overlook M. Baptiste Say, since he, (according to the remark at p. 365, vol. i. of his translator and very able annotator, Mr Prinsep,) beyond other French economists, "has profited so largely by his observation of English affairs, and his acquaintance with English writers." M. Say did not altogether understand Ricardo; but he first, amongst all Frenchmen, read him, adopted him, and at times fancied that he opposed him. In the present question of profits, he had properly and thoughtfully distinguished between profit as "derivable from the employment of capital" on the one hand, and profit on the other hand as "derivable from the industry which turns it to account."—(P. 153, vol. ii.) So far he is right, if I understand him; and it is difficult to explain the sudden perverseness of his annotator, Mr Prinsep, who chooses to reject the distinction *in toto* as a "useless refinement."

But, in the course of an attempt (which immediately follows) to illustrate the distinction, he puts forward this case:—"Suppose two houses, in the fur trade for example, to work each upon a capital of 100,000 *francs*; and to make on the average an annual profit—the one of 24,000 *francs*—the other of 6000 *francs* only; a difference of 18,000 *francs*." Very well; what is the inference, what is the "moral" which M. Say deduces from such an astonishing disparity in the profits? Upon

a capital of little more than four thousand pounds sterling, the one furrier raises annually for himself a net return of not less than a thousand pounds; whilst his rival pockets only two hundred and forty pounds upon the very same capital, invested at the same time in the very same trade. Now, if this were the result of some single year, it would express no more than one of those casualties, (through bad debts, property uninsured, losses by embezzlements, &c.,) to which all commercial houses are liable in turn. But this, by the supposition, is the *regular* relation between the parties from year to year. How then is it explained by M. Say? How does he wish us to understand it? Why, as "fairly referable to the different degrees of skill and labour:"—the thousand pound man is active and intelligent; the two hundred and forty pound man is stupid and lazy. Personal qualities, in short, make the difference.

Yet is that possible? Not, undoubtedly, for the logical purpose to which it is applied by M. Say. Differences there may be, and differences there are, and differences even to that extent, between man and man—between house and house; but not founded on that open and professed negligence. For this, under the action of our social machinery, hardly any opening exists.

"Nobis non licet esse tam disertis  
Qui musas colimus severiores."

Excesses of negligence, amounting to such a result

annually, would, in the case where they are possible, offer no instruction; in the case where they could offer instruction, they would not be possible. For, if M. Say is exposing a mere *lâcheté* of youthful luxury, then it is a case rather for a moralist than for an economist. But, if he means it as a representative case, involving some principle as yet undiscussed, then it is insufficiently explained. But it is impossible; and precisely on the following argument:—If, by employing four thousand pounds in his trade, the man could annually clear only two hundred and forty, (or very little more than the interest at 5 per cent,) which, without risk or trouble, he could have obtained at the date of M. Say's book, and this at the very time when others were realizing four times as much; in that case, the true difference must arise from *his* turning over his capital only once, whilst his rivals turned over *theirs* four and five times. But every prudent tradesman would accept this as a warning to withdraw three-fourths of his capital, when a second year's experience had taught him that he could obtain only one-fourth of the profits reaped by others trading on the same terms as himself; and, *à fortiori*, this policy will be adopted by M. Say's furrier, who is supposed to act in mere laziness. His profits will be the same upon one-fourth of the capital employed unintermittingly, as upon the four-fourths employed in succession: his risk will be reduced; and there will be a clear gain by the interest upon the three-fourths

of capital now transferred to other hands. Consequently, as cases to be argued in political economy, as *exemplary* cases, these extreme ratios of profit, low and high, stated hypothetically by M. Say, could not exist. As individual accidents, ceasing to operate from the moment when they are ascertained, they fall into that general fund of *known* counter-agencies, which, upon all modes of productive industry, compel us to compute by averages and by prevailing tendencies. No man could persist in so perverse a conflict with the manifest current and set of the tide running against him. Or, in the case of actually persisting, his folly would indicate a mere individual anomaly; and such irregularities having no scientific influence on any general principles of economy, it could be no purpose of M. Say to deal with.

Yet, generally, that many openings exist for a licentious latitude of profits, under circumstances the very same to the public eye, had been long apparent. It was impossible to be otherwise than incredulous as to the current assertions on this subject, which were equally discredited, *à priori*, by the known difficulty of ascertaining *any thing*, and, *à posteriori*, by the frequent inconsistency of their own particular results. That the current rate of profits, as a thing settled and defined, must be a chimera—this was certain; and for the simple reason—that, in each separate walk of commerce, this rate of profits was a thing imperfectly known to the tradesman concerned. If he—if the men exercising the

trade, cannot tell you the general rate of profits even in this one trade, or even his own rate after allowing for all the numerous deductions to be made upon an average of ten years, how much less can a non-commercial economist pretend to draw such a representative estimate for *all* trades? The pretence is monstrous under any machinery which as yet we command for such a purpose.

In harmony with these views, let the reader take the following case of *judicial* exposure upon this subject, remembering that similar exposures are almost of weekly recurrence:—A bankrupt (described as a mercer) was under examination before a commissioner of bankruptcy, or of insolvency. The commissioner asked him—What, to the best of his belief and knowledge, had been his customary rate of profit? The bankrupt replied firmly, “six per cent.” How, thought every man of consideration, did you indeed face for years this risk, laborious attendance, and (worst of all) this anxiety, for so miserable an addition (two and a half per cent) upon that income which, without either labour, or risk, or anxiety, you might at any rate have obtained from the national funds of your country? In less than a quarter of an hour, by some turn in the examination, it was extracted from him—that he turned over his capital every two months. The commodity in which he had chiefly dealt appeared to have been Parisian silks, &c.; and in this trade, upon every thousand pounds, the sum gained was not *sixty* pounds annually, as he had led the court

previously to suppose, but six times sixty, or three hundred and sixty. It is true, on the other hand—that not improbably the bankrupt had taken no pains to distinguish the mere *replacements* from the profits, strictly so called. But still it could not be doubted, that in the very strictest sense, his profits were far beyond the low standard understood by the court at first—if not thirty-six per cent, probably twenty-five to twenty-eight per cent; whilst, from the language of the court, as it fell under each impression successively, no inference could be drawn that either had been viewed as startling.\*

Now, what is it that I infer from this case? I infer, *1st*, that no definite rate of profit can be notorious to

\* These courts for insolvencies, as well as for bankruptcies, present many openings for discovery to the political economist. In the course of this very examination, another truth came out which may serve to convince the “knowing” men upon town, that they are not always so knowing as they think themselves. What notion is more popular amongst the prudential masters of life, than the hollow pretensions of cheap shops, and the mere impossibility that they should have any power to offer “bargains?” Now, few people are more disposed to that opinion, as generally sound, than myself. To see “tickets” or “labels” indicating prices below the standard, is for every man of sense a caution against that establishment. Yet still the possible exceptions are not few. In this instance, it was proved beyond a doubt, that for many months the bankrupt had gone upon the principle of raising money, for his own instant uses, by selling the Parisian goods below the original cost of the *manufacturer*. Such dishonourable practices certainly soon exhaust their own principle of movement. But, in so vast a community as London, always there must be new cases arising; consequently, always there must be some limited possibility of *real* bargains.



the world of commerce, where a court, which may be considered one of its organs, can so quietly adopt by turns a statement so entirely different. I infer, *2ndly*, that M. Baptiste Say has, in a partial sense, grounds for his doctrine; it cannot be denied him, that a possible tradesman may turn over his large capital, three, four, or six times, whilst an obscure tradesman in the same line may barely turn over his own small capital once. The very fact of a large capital is by itself a sort of invitation to such a result; for gods and men alike disapprove of the wretch who cannot offer credit. Now, the annual rate upon each hundred pounds must be four times greater to him who four times raises a profit upon that hundred, than to him who raises such a profit but once. This is undeniable; and it is therefore undeniable that, upon the two extremes in respect of advantages for selling, the annual profits may be in any degree different. But, in answer to M. Say, it must be argued—*1st*, that from all such extreme cases the practice is and must be to abstract; and that, probably, such extremes compensate each the other; the average, the prevailing tendency, is what we look at:—*2ndly*, that such a case does not prove any different *rate* of profits; for any thing that appears to the contrary, the little tradesman has realized the same *rate* of profit upon each hundred pounds as the big tradesman, only his absolute profits have been less, both in the ratio of his less capital, and of his less power to employ it with

effect. Power to turn over a hundred pounds four times instead of once, is in fact no more than the power to command four hundred pounds instead of one. The same consequences will take place. And, reciprocally, where a man really *has* the four hundred, with a virtual power only of profitably employing one hundred, (which case is the very case propounded by M. Say,) he will think himself obliged to withdraw three of the hundreds; for he will look upon it as the locking up of so much useless capital. Or, if M. Say should retort—“No: just the contrary; because this man can turn over his hundred pounds only once against the four turns of the big man; *à fortiori*, he must work his four hundred where else he might be content to work one hundred: that is the only resource towards balancing matters—so far, at least, as his power extends;” yet, on the other hand, this is not the case put by M. Say. He supposed a man to make less profit, through industry in that proportion less; but, in this possible answer of M. Say, we have a disadvantage of mere position balancing itself, or tending to do so, by industry in that proportion greater. And in the last result we find the true moral of the case to be, simply, that one man in the same trade can employ a greater capital than another; sometimes directly, by employing twenty hundreds of pounds where the other can employ only five; sometimes indirectly, by turning over several times (*i. e.* by using for several distinct operations) each separate portion of

capital, whilst the other man turns it over only once. But of all such differences between man and man, we may say either that they do not affect the *rate* of profits by the least disturbance; or if in any case they do, in a world of practice where the principle of average must be applied to wages, to rent, and to every mode of return, the inference will simply be, that we must apply that principle also to profits. I have already stated my own incredulity as to the *notoriety* (not as to the existence) of any definite rate upon profits at any period. Such a rate may be approximated conjecturally; it cannot be known. But if it could, that result must be obtained by abstracting from all extremes, whether one way or the other; and therefore to have proved an extreme would not have disproved a mean rate.

*Finally*, I will answer two important questions likely to rise up in the end before every student:—

Is there, he will ask, any known objection or demur to the law of profits, as stated by Ricardo? That is, any demur to this particular doctrine as distinct from objection to the entire system of Ricardo? I answer that there is none, except the following of Mr Malthus. He in his *Principles*, at p. 301, (1st edit.) insists upon it, that there is “a main cause which influences profits,” quite overlooked by Ricardo. What may that cause be? “The proportion which capital bears to labour.” Ricardo had laid it down, that the rate of profit upon the land last brought under tillage—upon that land which

is presumably the worst in use—must be the regulating rate for all profits whatsoever. No, replies Mr Malthus; not necessarily. That is one regulating cause, no doubt; but there is another. “When capital is abundant compared with labour, nothing can prevent low profits;” and inversely, no fertility in the land as yet taken up can separately maintain high profits, “unless capital is scarce compared with labour.” But to this, however tortuous the objection becomes by Mr Malthus’s clouded logic, the answer is short. The action is supposed to lie through wages. Mr Malthus means that the labourers will receive higher wages when capital is redundant, so that the part of the produce left for profits will be smaller; and *versâ vice*. But without entering into the changes incident to the price of labour, (for labour does not depend for its value upon any one element as capital, but upon several, which may be all acting in one direction, or all in opposite directions,) thus much is evident, that only the binomial (or market) price of the labour could be affected in the circumstances supposed, consequently only the binomial value of profits. A disturbed relation between capital and labour, would no otherwise affect labour in its price than as the rate of population would affect it. When population advances too rapidly, the tendency of wages must *pro tanto* be downwards; and so of other elements concurring to the complex value of labour. But none of these potential modifications escaped the eye of Ri-

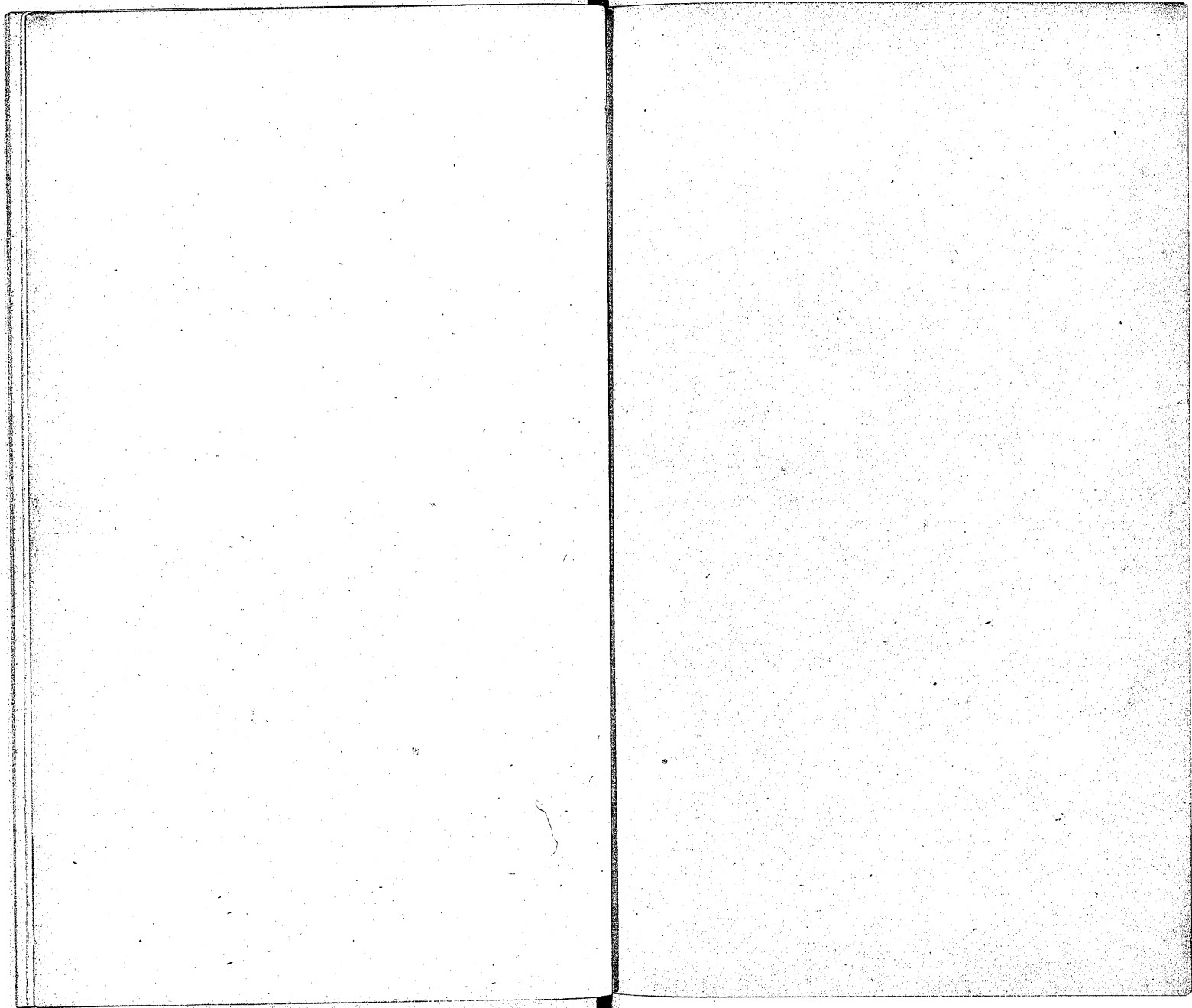
cardo: again and again he has pointed them out as fit subjects for allowance when they occur, though he has designedly and avowedly neglected them where they would have interfered with the simplicity of the principal law. What Mr Malthus brings forward as a second law, such as ought therefore to be capable of defeating and intercepting the first, is nothing more than a tendency to modify the first. In the same spirit of high promise and trivial performance, Mr Malthus had menaced the whole of Ricardo's doctrine upon value. The quantity of labour, he would show us, did *not* always constitute the cost of an article; nor the cost of an article always constitute its price. Why, then, what *did*? With loud laughter Ricardo heard, as if this were some new and strange proposition, that by possibility the too much or too little of the article might *also* affect the price—a price of twenty might by a scarcity of five be raised to twenty-five; or by a redundancy of five be lowered to fifteen. But who doubted, or had ever doubted, this? That is *binomial* price. All the points which Malthus exposed as weak and assailable points, had always been exposed by Ricardo as points liable to a separate caution. But this is not to answer Ricardo's doctrine of profits: this is simply to exhibit Ricardo's doctrine with those modifications broadly expanded, which for good reasons Ricardo had left indicated in a briefer shape.

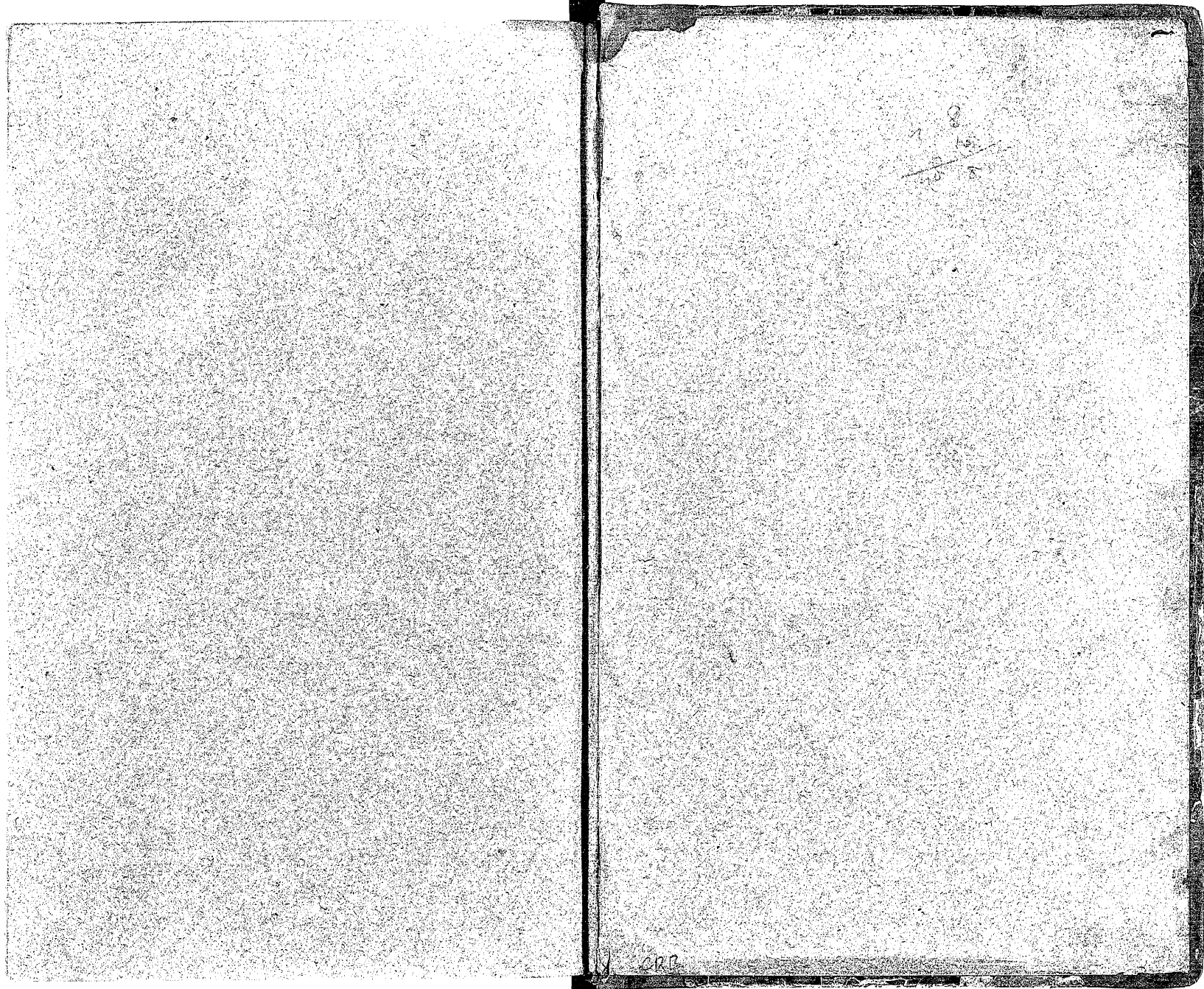
The other question remains a practical question, and

carrying along with it a sting of anxiety to whole generations. It is this. Amongst all men (even those who pretend to no scientific economy) there is a misgiving that profits, and by consequence interest, must be under a fatal necessity of gradually sinking, until at length they touch the point of extinction. Even Ricardo has too much authorized this false idea. There is no *essential* tendency downwards in profits, more than upwards. True, there is a constant motion downwards upon the land scale from good to bad, from bad to worse: and as that happens to be chiefly concerned in the doctrine of rent, which again reappears in the doctrines of profits and wages, Ricardo had a disproportionate necessity for continually dwelling on that particular movement. But to this, which acts from year to year, there is a tendency strictly antagonist, which acts much more slowly at times, and is felt most from century to century. The principle has been repeatedly brought forward and explained; so that there is no reason for dwelling on it here. But, by way of a single illustration from our modern experience in this particular, it may be well to mention these facts. Go back to a period two centuries from 1844, and the current rate of interest will be found nearer to 8 than 7 per cent. Go back to a period only one century from 1844, and interest is found to have fallen so low as 3 per cent. This was the prevailing rate through that part of Sir Robert Walpole's public life which lay in the reign of George

II., or, in general terms, from 1727 to about 1739-43. In the course of this latter period, interest again began to advance; and in forty or forty-five years more it had risen beyond 5 per cent. During the great Revolutionary war, although limited at that time by law, interest rose in the market much beyond that legal *maximum*. It was more than double what it had been in the reign of George II. In our present era of peace, uninterrupted for twenty-eight years, it has again receded. But this brief abstract of experience through two centuries, unites with the *à priori* theory in showing, that the rate of interest is under no immutable law of declension. During these two centuries it has not uniformly declined—on the contrary, it has *oscillated* in all directions; and by that one fact, so abundantly established, we are released from all apprehensions of a downward *destiny*. Our fate in that respect is not sealed; it rests very much in our own hands.

THE END.





*[Faint, illegible markings]*

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