has a tendency to rise when the market rate rises, and to fall when it falls. The reason is, that the supply of labour in the market can neither be speedily increased when wages rise, nor speedily diminished when they fall ; and it is on this circumstance that the powerful influence which fluctuations in the market rate of wages have over the con­dition of the labouring classes principally depends. If the supply of labour were suddenly increased when wages rise, that rise would be of little or no advantage to the existing labourers. It would increase their number, but it would not enable them to mount in the scale of society, or to ob­tain a greater command of the necessaries and conveni­ences of life. And, on the other hand, if the supply of la­bour were suddenly diminished when wages fall, that fall would merely lessen the number of labourers, without having any tendency to degrade the habits or to lower the condition of those who survived. But in the actual state of things no rise of wages can ever be counteracted by an increased supply of workmen coming into the market until eighteen or twenty years after it has taken place ; for there are few or no branches of industry in which an active and skilful labourer can be bred in a shorter period. Dur­ing all this interval, therefore, the labourer is placed in a greatly improved situation. He has a greater supply of wholesome and nutritious food ; he has better clothes and a better habitation ; he is rendered more attentive to clean­liness ; and as he rises higher in the scale of society, he naturally uses more prudence and circumspection in the forming of matrimonial connections. In short, his opinions respecting what is necessary for his decent and comfortable subsistence are raised, and the natural rate of wages is, in consequence, proportionally augmented.

But it is equally impossible suddenly to diminish the number of the labourers when wages fall. Such diminu­tion cannot, as already stated, be effected otherwise than by the operation of increased mortality, or by a decrease in the number of births, or both. But unless the fall were very sudden and extensive, it would require a consider­able number of years to render the effects of increased mortality very apparent ; and it is so difficult to change the habits of a people, that, though the demand for labour were to decline, it would, notwithstanding, continue for a while to flow into the market with nearly the same rapidity as before. Nor would the ratio of the increase of population be mate­rially diminished, until the misery occasioned by the re­stricted demand on the one band, and the undiminished sup­ply on the other, had been very generally and widely felt.

In whatever way, therefore, wages may be restored to their natural level when the market rate declines; whether it be by an increase of mortality, or a decrease in the num­ber of births, or both, it can never be the work of an in­stant. It must always require a considerable time before it can be effected ; and there is in consequence an obvious risk lest the habits of the labouring class should in the mean time be degraded. When wages are considerably reduced, the poor are obliged to economise ; and should the coarse and scanty fare that is thus, in the first instance, forced upon them by necessity, ultimately become congenial from habit, no check would be given to population, and the *na­tural rate of wages would be permanently reduced.* In such a case the cost of raising labourers would be dimi­nished ; and it is by this cost that the natural rate of wages, with which the market rate must generally correspond, is always regulated. A fall of wages is therefore as pecu­liarly injurious to the labourers, as a rise of wages is pecu­liarly beneficial to them. Its obvious tendency is to sink the natural rate of wages, and to degrade the condition of the largest and not least valuable class in society ; and wherever the labourers can bear to retrench, or to descend from a higher to a lower station, it will have this effect, unless their desire to preserve their place in society should occasion a greater prevalence of moral restraint, and a slower increase of population. It is true, indeed, as is stated by Mr Malthus, that to whatever extent wages may fall, the labourers always possess the means of raising them in the end, to their former or to a higher level ; that if they understock the market with labour, wages will continue high, notwithstanding the means of employment should be diminished ; and that, if they overstock the market with labour, wages will be low, even though those means should be very considerably increased. But a principle of this sort is more easily laid down than acted upon. The fact is, that it is always very difficult to change the habits of a people with respect to marriage, and that no material alteration in this respect can ever be brought about except by slow de­grees. Prudential considerations always operate with the greatest force on the middle and upper classes : wherever, indeed, the bulk of the people are in a very depressed con­dition, these considerations have comparatively little practi­cal influence ; and it is not till their circumstances begin to improve, and their prospects are brightened, that they be­gin seriously to weigh and reflect upon the consequences of improvident unions.

Dr Smith has said, that, “ while the demand for labour and the price of provisions *remain the same,* a direct tax on the wages of labour can have no other effect than to raise them somewhat higher than the tax.” (P. 390.) And he further supposes, that to whatever extent the wages of ma­nufacturing labour may be increased by a tax, the burden will ultimately fall, not on the manufacturers or merchants, but on the consumers, by an increase in the price of com­modities ; and that to whatever extent the tax may raise the wages of agricultural labour, it will really fall, not on the farmer or the consumer, but on the landlord.

None of these conclusions is correct. The immediate effect of a tax on wages on their amount, does not depend on the circumstance of the demand for labour continuing stationary, but on the mode in which the produce of the tax is expended. And the principles established in the arti­cle on Political Economy show, that when wages are raised, either in consequence of their being taxed, or by any other cause, that rise does not tend to raise the price of commodi­ties or to lower rent, but really forms a deduction from the profits of the capitalists and other employers of labour.

In order to illustrate its operation, suppose that a tax of ten per cent. is imposed on the wages of labour, or that all labourers are made to hand over ten per cent. of their earn­ings to collectors appointed by government. Seeing that no part of this tax is taken from the capitalists, it is clear it cannot in any way diminish their means of employing labour. Its effect must, therefore, depend on the mode in which it is expended. If the produce of the tax be laid out on additional troops or sailors, it is easy to see that it can be productive of no immediate injury to the labourer ; for were such the case, the agents of government would enter the market for labour with means of purchasing, derived not from the capitalists, but from the labourers themselves; and in consequence of this greater competition, wages would be raised in exact proportion to the additional means in the hands of government, or, in other words, to the amount of the tax. An example will render this apparent. Suppose that the labourers in a particular country receive as wages L.2,000,000 a year ; and suppose further that government wish to increase the military force, and that to get the means of doing so, a tax of ten per cent. or of L.200.000 is laid on wages. The unavoidable consequence will be, that the ca­pitalists will still come into the market for labour with the L.2,000,000 employed by them in the payment of wages, while the agents of government will also come into the same market with the L.200,000 derived from the tax ; so that, between the two, wages will be raised in exact proportion to the tax.