dition at the Revolution, but that it was so far advanced as it really was.@@1

The present French land-tax—*contribution foncière—* equally affects all lands, however occupied. It amounts, ac­cording to Garnier, to about an *eighth* part of the *nett pro­duce* of the land—that is, of its produce, exclusive of the expenses of cultivation, but inclusive of rent. Garnier says that the tax is very fairly assessed, and that it is very moderate compared with the various charges with which landed property is burdened in most other countries. It is certainly a very great improvement on the old system ; but its injurious influence is still dwelt upon by writers on the agriculture of France. (*Richesse des Nations,* par Garnier, tome vi. p. 404.)

Sect. III.— *Taxes on Wages.*

The common and ordinary effect of direct taxes on wages, or on the commodities necessary for the subsistence of the labourer, is to cause a proportional increase of wages and fall of profits.

In every discussion respecting the effect of taxes on wages, or on the necessaries consumed by the labourer, it is of the greatest importance to distinguish between the *natural* or *necessary* rate of wages, or the rate required to enable the labourers to subsist and continue their race, and the *market* rate, or the rate paid them at any particular period.

The natural or necessary price of labour, like that of every thing else which may be indefinitely increased or di­minished, is determined by the cost of its production. The capacity of the labourer to support himself, and to rear as many children as may be required to keep up the supply of labourers, does not, it is plain, depend on the quantity of money he receives as wages, but on the quantity of food, necessaries, and conveniences essential to his support, for which that money will exchange. The natural rate of wages must, therefore, depend on the cost of producing the food, and other necessaries, required for the maintenance of the labourer. A rise in the market rate of wages does not always coincide with a rise in the price of necessaries ; but they can seldom be very far separated. However high the price of necessaries may rise, the labourers, it is clear, must always receive such a quantity as is sufficient to enable them to support themselves and to continue their race. If wages fell below this necessary level, the labourers would be left destitute ; there would, in consequence, be a rapid diminution of their numbers, which would necessarily raise wages : and if, on the other hand, wages were to rise con­siderably above this necessary level, a proportional stimulus would be given to the principle of population, and the in­crease of labourers would, in the long run, lower wages.

The opinion maintained by those who contend that the rate of wages does not depend on the cost of the articles consumed by the labourers, but on the demand for their exertions compared with their numbers, has obviously ori­ginated in their confounding the principles which govern the market price of labour, at a particular period, with those which govern its natural or necessary price. It is un­doubtedly true that the market price of labour at any given period depends on the state of the supply as compared with the demand ; but it is easy to see that the supply cannot be permanently brought to market unless the rate of wages be such as will suffice to maintain and bring up labourers— that is, if we may so speak, unless the cost of their produc­tion be paid. From whatever point of the political com­pass we may set out, this is the principle to which we must always come at last. In order to illustrate the principle, let it be supposed that, owing to a scarcity, the price of the quartern

loaf rises to five shillings : it is plain, inasmuch as the same number of labourers would be seeking for employment after the rise as before, and as there is no reason why a scarcity should increase the demand for labour, that wages would not be advanced ; the labourers would, in consequence, be forced to economise, and the rise of price would thus have the effect to lessen consumption, and to distribute the pressure equally throughout the year. But suppose that the rise, instead of being occasioned by a deficient crop, has been occasioned by an increased difficulty of production, and that it will be permanent, the question is, will wages con­tinue at their former rate, or will they rise ? In this case the probability is that wages will rise : for the comforts of all classes of labourers would be greatly impaired by the rise of prices ; and those who, previously to its taking place, had only wherewith to subsist, would be reduced to a state of extreme destitution, or rather, we should say, of absolute famine. Under such circumstances, an increase of mor­tality could hardly fail to take place ; while the greater dif­ficulty of providing subsistence would interpose a powerful check to the formation of matrimonial connections and the increase of population. By these means, therefore, the amount of the population, or the ratio of its increase, or both, would in all likelihood be diminished ; and this diminution would continue until the smaller supply of labourers in the market had enabled them to raise wages to their natural rate ; that is, as Dr Smith has defined it, to such a rate as would enable them to obtain “ not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be with­out."

If a given specific quantity of certain articles were ne­cessary to enable the labourers to subsist, it would directly follow that the rate of wages could not be reduced for any considerable period below what would procure these articles. But there is no such absolute standard of natural wages. Their amount depends essentially on custom and habit. The articles considered as necessaries are perpetually changing. The labourers of Hindustan principally subsist on rice, those of Ireland on potatoes, arid those of England on bread and beef. In one country it is discreditable for the lowest class of labourers to be destitute of comfortable clothing, and of shoes and stockings, while in others shoes and stockings are looked upon as luxuries to be used only by the rich. In many provinces of France and Spain a certain allowance of wine is considered indispensable ; and in England the labouring class entertain nearly the same opinion with respect to beer and porter. Nor have the habits of the people, and the standard by which the natural rate of wages has been regulated at different periods in the same countries, been less fluctuating and various. The articles which custom and habit have rendered necessary for the comfortable subsistence of the English and Scotish labourers of the present day, are as widely different from those which were judged necessaries by their ancestors in the reigns of Elizabeth, James I., and Charles I., as they are from those which form the ordinary subsistence of the labourers of France and Spain. The standard of natural wages has been raised, and the poor have been taught to form much more elevated notions respecting the quantity and the species of the articles which it would be discredit­able for them to be without.

The natural rate of wages is not, therefore, a fixed and unvarying quantity ; and though it be strictly true that the market rate of wages can never, when reference is made to periods of considerable duration, be sunk below its contem­porary natural rate, it is no less true that the natural rate

@@@1 For a farther account of the *taille,* the reader is referred to Forbonnais, *Recherches sur le. finances de France,* tome i. p. 107 ; Wealth of Nations, p. 385; and to Storch, *Cours d'Economie Politique* (ed. de Say), tome in. p. 191.