

By **HENRY L. T. TIDEMAN**

Question: When organized labor gets higher wages than they could get if unorganized doesn't the increase come out of the wages of others?

Answer: We must remember that of the three factors in production, land and labor are primary and that capital never pays wages. In terms of distribution, this leaves two funds into which wealth, when produced, falls: wages and rent.

Wages depend upon the margin of cultivation, being higher or lower as the margin is more or less productive. This law of wages, being reinforced by the passion of men to get for themselves as much as possible of the product of their toil, is relatively rigid.

The rent fund is in the nature of an adjustment. It is the take-up, which absorbs all the surplus wealth produced over that which the margin of cultivation enables laborers and capitalists to command. Land holders collect and retain the rent by common consent and legal force.

When the margin of cultivation is fairly stable, the rent fund grows or diminishes as production increases or decreases. In an area where rent exists, if groups of laborers, well organized, refuse in concert to work and successfully prevent others from working in their places, they operate as a monopoly. Winning the contest and getting wages greater than the margin of cultivation enables them to yield, the increased wages must be yielded from the rent fund. There is no other fund subject to adjustment. Rent is not reduced. It is redistributed.

The bargain having been settled, the value of some lands will decline and that of others will not rise so rapidly, until a new equilibrium has been established. Then organized laborers will enjoy incomes made up of wages plus rent.

The superficial observer will see only that these workers are more prosperous and get their incomes from payrolls. Such increased wages will become a subject of statistical tables of wages.

But regardless of our pleasure over the increased prosperity of the sharers in the "wage increase," in cold fact the increase is rent; it is not wages.

We can see this more clearly, if we will imagine an area where wages are held to artificially high levels; then if some force should reduce wages to a competitive level, would not rent and land values rise to take up the slack?