

# WAGES AND LABOUR COSTS

EDMUND DANE, LL.B.



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# WAGES AND LABOUR COSTS

*A Statement of the Economic Laws  
and Theory of Wages*

BY

EDMUND DANE, LL.B.

AUTHOR OF "THE COMMON SENSE OF ECONOMIC SCIENCE," ETC.

*"Hypotheses non fingo"*

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## PREFACE

IN Economics the Theory of Wages is a subject beset with peculiar difficulty. Not only is it a subject to which propositions laid down *a priori* are inapplicable, but the inductions based on the facts of history and experience, though they alone in this connection can have claim to scientific value, must be inductions wide enough in range, and covering long enough periods of time, to afford reliable comparisons.

It is only by means of and through comparisons of that character that the abiding economic tendencies, or "Laws," which influence, and in the long run go to determine wages, can be so formulated that a true Theory of Wages—true independently of place or time limitations, as every true scientific theory must be—can be set out.

So far, attempts to formulate a Theory of Wages have not been satisfactory, partly because these have been efforts to rear theory on "abstract principles"; partly because it has been forgotten that discussions on wage rates have no meaning apart from prices and the movements of prices; partly because the term "Labour" has been arbitrarily restricted to human manual labour; partly because the great economic

importance in modern production of mechanical labour-power has not been sufficiently taken into account; and finally, and not least, because the truth has been overlooked that human services are not quantity only, but in every instance quantity and quality combined.

In setting out in the following pages the "Laws" which make up the true Theory of Wages, the aim has been to avoid these preceding errors. The statement has not been encumbered with a mass of statistical details, for statistics are in Economics but the raw material of evidence, and the reader justly desires to have the material served up prepared. What is necessary is that the inductions from the facts of history and experience should carry conviction, and the observed "Laws" be seen to be in harmony with experience. The Theory based upon them then becomes, because manifestly true, applicable and useful, and a sure guide in dealing with Wage problems, and Labour-costs.

If science be "ascertained facts co-ordinated into general propositions," as it is, then science cannot at the same time consist of hypotheses, which, however interesting as speculation, do not come within the definition. The inquiry of which the results are outlined here has ranged over a wide field; but the results have been stated as succinctly and tersely as possible. The world of fact is a world in which not economic causes alone are at work, but economic causes crossed and stressed by political causes; and there is no practical point in discussing a supposed purely economic world which is not the world of fact and never can be.

This has been one of the mistakes which have made so much economic discussion appear abstract and dry. Though economic causes, rooted in human nature and in human motive, are more powerful than political causes, because they are abiding where even the strongest political cause is by comparison temporary, the interaction of economic and political causes cannot be ignored. While this renders the Theory of Wages a subject of peculiar difficulty, it does not prevent an exposition which it is hoped will be found lucid enough to be followed by the ordinary reader with interest as well as with practical advantage.

E. D.

1927.



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