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MASTER OF ARTS DEGREE

FOR

THE DISTRIBUTION OF WEALTH

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Thesis
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The Distribution of Wealth.

Wealth.

Wealth is variously defined, but one of the most commonly accepted definitions is that it consists of all agreeable or "useful" things which possess exchange value. "When a man's wealth is spoken of simply, it is taken to consist of two classes of goods, viz: - those material goods to which he has (by Law or custom) private rights of property and which are therefore transferable and exchangeable; and those immaterial goods which belong to him, and which serve directly as a means of acquiring material goods".

The above quotation from Marshall is the illustration used by the Standard Dictionary. A classification of the "goods" which compose wealth is made in tabular form of which the following gives the substance: -

Classification
of "goods" which
constitute
wealth.

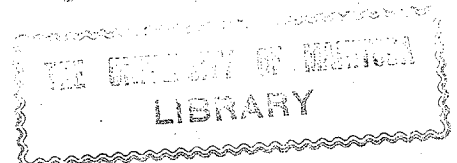
A. Material Goods

(a) Those to which the individual has private rights of property and which are transferable.

(b) Those from which a large number of individuals derive a common benefit - community goods.

B. Non-material Goods

(a) External - Good-will in business and professional service - these forms of personal relations that can be capitalized.



Two classes of goods not to be included.

(b) Internal - Skill, adaptability, enjoyment of social intercourse etc., - personal qualifications which constitute character and ability.

In discussing the distribution of material goods class (b) viz., - social goods or those from which communities derive benefits, such as streets, side-walks, lights, museums, libraries, cannot be considered much as they contribute to the sum total of human happiness. They are already "distributed" as the benefits derived therefrom may be enjoyed by all who reside in the community in which they are provided. We find the very poor as well as the wealthy and all the intermediate classes dwelling in Cities where parks, lights, walks, and all "goods" of this class are provided, and all having privileges alike regarding them; so we may leave this branch of economic goods out of our discussion of distribution.

Of the non-material goods in section (b) viz.; - personal qualifications, although some of them, such as skill and adaptability to circumstances are valuable assets to the individual possessing them, yet they lack the power to be transferred. Therefore, along with all those most valuable qualities, including the power to enjoy books, the delights of social intercourse, the appreciation of fine natural scenery, and all faculties by which man is privileged to enjoy many of the deep things of life, they must be excluded from a discussion of distributable goods. This class of "goods" so called.

...and Mill, although condemning usury, and trying
product of labor or accumulated capital. Ricardo.

some share of productivity to labor, and even to the
passed beyond this, and we find Adam Smith conceding

the "classical sterile". Their followers, however,
active, and designated the people thus engaged as

gentle business, manufactures, etc., as non-pro-

ductive economic factor. They pronounced all mer-

tylocrats, affirmed that land was the only pro-

The early French economists known as the

tribute to their production.

these goods among the several factors which con-

what principles must govern a just distribution of

Our purpose then, is to try to discover

really as tangible material things.

actions can be capitalized and transferred quite as

will in business, and other valuable personal re-

others. External non-material goods, such as good-

be possessed by one person to the exclusion of all

these have the power of being transferred and can

material goods and (b) of non-material goods. Both

goods whose distribution is to be considered-(a) or

Meanwhile, we have left two classes of

later.

personal qualifications. We shall hear more of this

opportunity of acquiring many of these valuable per-

put within his grasp gives to the individual the

which we have private rights. The means of education

by a proper distribution of the material things to

can be brought within the reach of most individuals

The factors of
production.

Classes of
goods consid-
ered.

to keep the productivity of capital, in the background, admitted in various ways that "waiting" must be rewarded.

Nearly all modern writers of economics regard Land, Labor and Capital as the three productive agents. By Land is meant the material and forces which nature gives freely for man's aid in land and water, in air and light and heat. By labor is meant the economic work of man, whether with the hand or the head. Capital is in the main the stock of wealth, regarded as an agent of production, rather than a direct source of gratification. To the reward of these several agents of production must go the aggregate of the nation's wealth, the "national dividend".

LAND.

Land in the sense defined by Marshall, is a direct agent in the production of the raw material of almost all forms of economic goods. Looking at the beginnings of history, both secular and religious, we find man being fed on the fruits of nature's garden. The earth has yielded to him her increase as a most necessary contribution to his maintenance. When for any reason she has failed at times and in places, starvation and suffering have been his portion. In an agricultural country such as Canada, this fact is ever apparent - unless the earth does her part labor and capital are expended in vain in tempting to multiply the grains and vegetables so essential as human food, as well as to produce the raw cotton,

hides and other raw materials necessary for man's clothing and comfort. Again it is to the contributions of the earth, of the streams and of the ocean that we must look for mineral wealth, fish, pearls and other valuable goods. These things have been included in our definition of land.

In the days of most primitive society we must suppose that land was a free gift of nature, and any portion not already occupied could be claimed by any one. This is not the case now, even in the least settled countries. When the French discoverer Cartier first landed on the banks of what is now the Saint Lawrence River, he took possession of it in the name of the King of France; When Raleigh founded his settlements in Virginia, he took possession of the surrounding country in the name of the Virgin Queen Elizabeth of England. Hence the early settlers on the American continent obtained a parcel of earth on which to dwell, from the head of either of these two nations.

"Land under community ownership".

There are many evidences that in early society a single individual was not allowed the exclusive right to land. Large sections were regarded as the common property of a whole community of people. The tribes of North American Indians who resorted to Agriculture cultivated their plots in common. The Russian "Mir", still in existence, is an example of land being regarded as common property. Here the land is divided into three parts, of which one is sown in the spring, one in the Fall and the third lies fallow. All the mem-

bers of the "Mir" labor together, and divide the products according to the needs of their families. There are traces of this common ownership in India, in Switzerland, and in the village communities of ancient England. At a very early stage, and especially in the more progressive countries, some individuals began to assume control to the exclusion of all others. In India and Russia it was the tax collector; in England the ancient community land was soon absorbed

feudal system
sowed seeds
of private
ownership.

into the possessions of the feudal lord. The head of the feudal system was the King.

William I. of England secured acknowledgement of this by requiring all holders of land to take an oath of direct allegiance to the king; from whom they got a right to the land. This king and his strongest successors performed the first functions of good government, i.e. in maintaining a fair field for the play of economic forces. Thus, though no doubt unconsciously, they led the way for the substitution of an industrial for military organization.

Each individual was given the right of cultivating the land held by him with more or less freedom and in comparative security in return for certain services. Later the substitution of money payment for payment in kind or in military service gave the land holders greater individual rights.

Traces of
feudalism
still with
us.

Now-a-days when we buy a piece of land, use it at our will, sell, transfer, or bequeath it to whom we please we are inclined to think of it as the exclusive property of the one holding the Title. In theory, however, the land still

belongs to the King. The most recent form of land patent in use in Manitoba begins:- "His Majesty the King, in the right of our province of Manitoba doth grant, etc, to such and such a person

"Economic
rent"

No matter what the former method of tenure, progress has tended towards individual ownership and control and land has come to have scarcity value. The best portions and especially those nearest the villages are occupied and fail to yield sufficient to support the increased population. Poorer and more remote lands must be cultivated. This gives rise to a differentiation as the more fertile and better situated will yield more to a given amount of labor and capital than the poorer and more remote parcels. If the poorer lands can be made to yield sufficient to repay the labor and capital expended, the better part must be yielding a surplus and this difference of the amount yielded in return for equal amounts of labor and capital expended is what has come to be known as the "Economic rent". It is the portion due the fortunate holder of the more fertile and better situated land.

This difference in the value of various pieces of land which must soon appear whenever a country begins to be populated, is greatly enhanced when the pieces so owned happen to be near large cities and it reaches a climax in the case of land on which great cities are built. Land on Manhattan Island which, when taken possession of by the Dutch less than three centuries ago was obtained for the asking is now valued at many thousand dollars a foot. Coming