

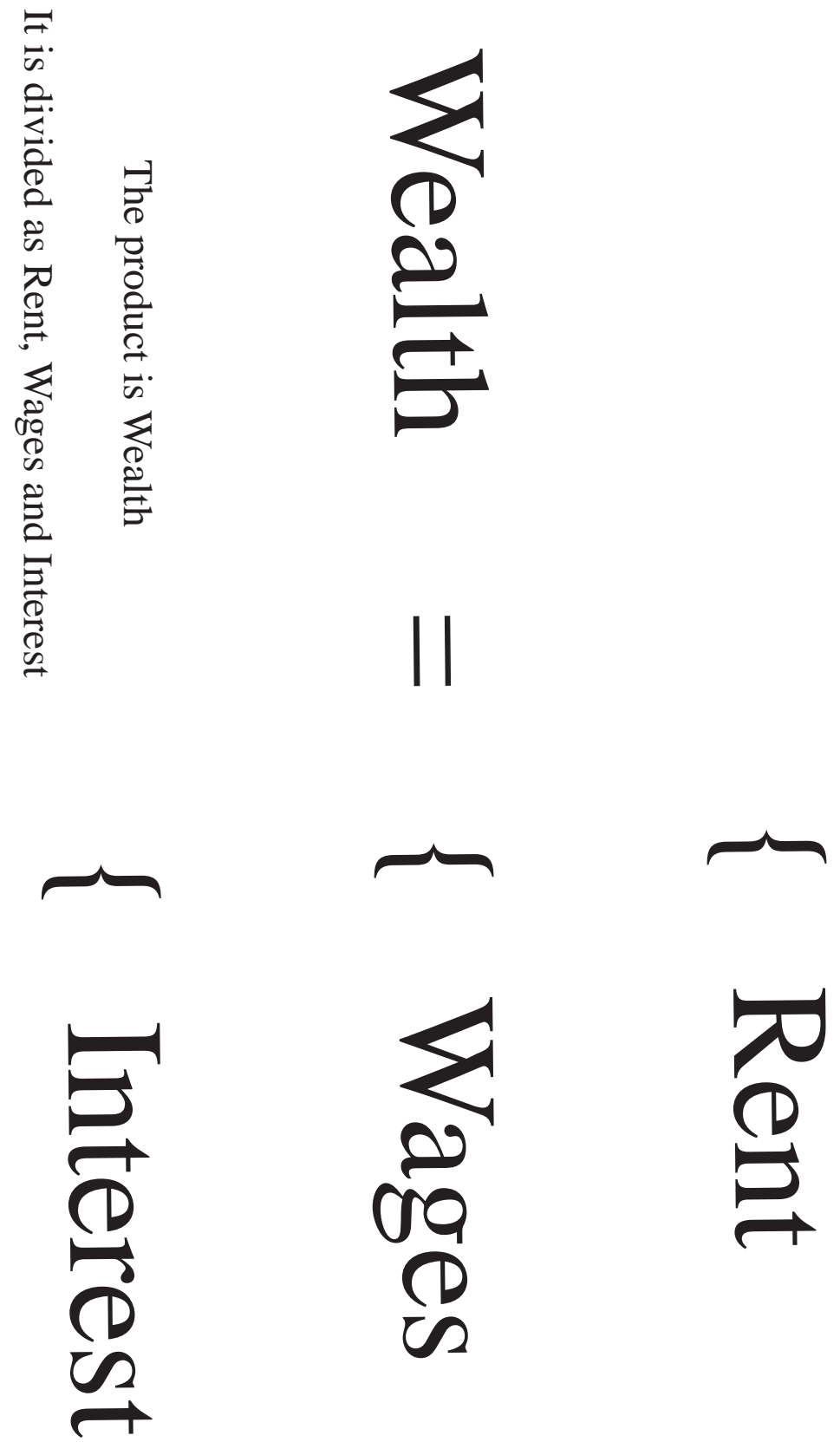
Interest

First— That it is not capital which employs labor, but labor which employs capital.

Second— That capital is not a fixed quantity, but can always be increased or decreased, (1) by the greater or less application of labor to the production of capital, and (2) by the conversion of wealth into capital, or capital into wealth, for capital being but wealth applied in a certain way, wealth is the larger and inclusive term. Progress & Poverty Bk3 Ch 5

The relation between wages and interest is determined by the average power of increase which attaches to capital from its use in reproductive modes. As rent arises, interest will fall as wages fall, or will be determined by the margin of cultivation. Progress & Poverty Bk3 Ch 5

Thus the three laws of distribution are brought into mutual support and harmony, and the fact that with material progress rent everywhere advances is seen to explain the fact that wages and interest do not advance.



Recommended reading for all participants:

1. Progress & Poverty. Henry George. (Condensed edition)
2. The Wonderful Wealth Machine. Phil Grant.

This series of leaflets "Wealth" "Land Labour & Capital" "Rent Wages & Interest" and this "Ethics" have been produced by the Melbourne School of Economics, 27 Hardware St., Melbourne, Victoria.3000

