

**THE THIRD FACTOR
OF PRODUCTION
AND OTHER ESSAYS**

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The third factor of production and other Essays by A. J. Ogilvy

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A. J. OGILVY

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OF PRODUCTION
AND OTHER ESSAYS**

THE
THIRD FACTOR OF PRODUCTION

And Other Essays

BY
A. J. OGILVY

WITH AN INTRODUCTORY NOTE BY
ALFRED RUSSEL WALLACE, D.C.L. (Oxon), F.R.S.



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ERRATA

—:or:—

- Page 7, line 14, *for B and C read B or C*
" 19, " 19, *for accept, the taxed read accept the tax,*
" 23, " 27, *for ideality read ideally*
" 30, " 1, *omit but*
" 34, " 28, *for payments read payment*
" 38, " 32, *omit because, and the*
" 39, " 12, *for Saharas read Sahara*
" 41, " 11, *for inertia read inertia*
" 53, " 26, *for enjoyments read enjoyment*
" 63, " 24, *for earnings read produce (twice)*
" 71, " 1, *for comparatively read comparative*
" 92, " 29, *for $\frac{1}{2}$ read 1-8th*
" 96, " 20, *for landlord's read landlords'*
" " 32, *for 1-10th, only read 1-10th only,*
" 119, " 23, *for scythe read scythe (1888).*
" 145, " 2, *for damages read damage*
" 163, " 26, *for arc read is*
" " 27, *for taught read sought*
" 174, *after title read (Labour being the Creator of Capital and*
able to Create it in any Quantity that may
be required)
" 206, line 26, *for beleagured read beleaguered*
" 227, " 6, *for firm read firmly*
" 254, " 7, *for Flürscheim read Flürscheim*

INTRODUCTORY NOTE,

BY ALFRED R. WALLACE,

President of the Land Nationalisation Society.

THE author of this volume is a gentleman who has been long settled in Tasmania, and is a considerable landowner there; and the present work is founded upon personal observation in the Australian Colonies and also in England. It says much for his freedom from prejudice and independence of thought, that under these conditions he has arrived at conclusions which are practically identical with those of English land nationalisers as to the evil results of private property in land.

The lesson afforded by Tasmania is indeed very striking. It is by nature one of the most favoured countries in the world. It possesses a delightful climate, free from the extreme heats and long droughts of Australia; its soil is varied and fertile, its forests are magnificent, its streams numerous and overflowing; all the products of the temperate zone flourish there, while for fruit production it is unsurpassed; it has excellent main roads constructed by convicts long ago, with railroads and navigable rivers. Here would seem to be all the conditions requisite for the support of a large agricultural population in comfort and prosperity; in place of which we find a large proportion of the land still uncultivated, and instead of general happiness and well-being, universal complaining, as with us, of trade depressed, capital unemployed, farming unprofitable, and all kinds of labourers out of work.

In that portion of the volume dealing with land nationalisation, the author shows us clearly the cause of this state of things,

and what is still more important, he explodes one of the commonest fallacies of our opponents—that large farms lead to better cultivation and higher production than small farms or peasant-holdings. This part of his work is especially valuable, because he shows, as the results of observation and owing to the inevitable working of the law of self-interest, that the large owner or large tenant will often cultivate his land badly, or even leave much of it uncultivated, *because he obtains the largest net returns by doing so.* The peasant farmer, on the other hand, working a small area by the help of his own family, finds his profit in high culture and the maximum of production from the land. By the former system one man gets a large profit but small proportionate produce by employing say ten men on a large area of land; by the latter system twice that number of men work for themselves on the same area, produce double the amount of crops and stock, and live, all of them, in independence, and in that healthy enjoyment of life which a man obtains when he works freely upon the soil and knows that the whole produce of his labour is his own.

Other chapters deal with various problems of political economy, and especially of the currency; and although here the author cannot claim to speak with such practical experience as he possesses in regard to the land, yet he has claims on our attention as an original thinker and an acute reasoner, and as possessing the rare quality of expressing his views on some of the most intricate of these questions so clearly and forcibly as to render them intelligible to any careful reader.

I have therefore much pleasure in introducing these instructive and suggestive essays to the general public.

CONTENTS

	PAGE.
Introductory, by Alfred R. Wallace, - - -	vii
 THE THIRD FACTOR OF PRODUCTION—	
Wealth—Labour—Interest, - - -	1
The Law of Indifference, - - -	14
The Distinction in the Mind of the Capitalist, - - -	17
Transferability of Taxes on Capital, - - -	19
Medium of Exchange, - - -	23
The "Tyranny" of Capital, - - -	24
Capital as Originating Enterprise, - - -	29
Summary, - - -	53
 A COLONIST'S PLEA FOR LAND NATIONALISATION—	
The Unearned Increment : its Nature, - - -	55
The Unearned Increment : its Magnitude, - - -	65
The Real Sufferer, - - -	75
Proletarianism v. Slavery, - - -	83
Land Monopoly not only Absorbs the Fruit of Industry but also Breaks its Progress, - - -	91
Review of the Situation, - - -	100
Principles and Proposals, - - -	106
Conclusion, - - -	112
 THE CAUSE OF A CRISIS—	
Money, - - -	124
Tribute v. Earnings, - - -	128
Tribute can only be paid by Work, - - -	130
All Tribute arises from Private Ownership of Land, - - -	153

	PAGE.
THE MALTHUSIAN DOCTRINE,	157
Diminishing Return v. Diminishing Area,	162
The Law of Diminishing Return,	164
Resort to Inferior Lands,	167
Supposed Examples of the Malthusian Doctrine Examined,	170
LABOUR v. CAPITAL,	174
SAVING AND SPENDING—	
Part I.—Is Capital the Result of Abstinence?	198
Part II.—Saving of Real Wealth (<i>i.e.</i> Goods),	211
Consumption,	216
Over-Consumption,	220
Saving of Labour,	222
Saving Money,	225
Interest,	242
THE APPRECIATION OF GOLD,	255



THE THIRD FACTOR OF PRODUCTION.

WEALTH.—By wealth is understood all those material utilities which Labour has produced or collected, and which minister to man's maintenance or enjoyment.

Economists (having the processes of exchange in view) have restricted the term to goods having an exchange value. But this arbitrary restriction injuriously limits the field of inquiry, shutting us off from many aspects of the subject which it is desirable for us to examine, and often leading us absolutely astray. The house, clothes, tools, live stock, and other accumulations of Robinson Crusoe constituted his wealth in the sense in which everyone in daily life understands the word; none the less that there being no one with whom he could exchange they had no exchange value. Similarly the macadamised highways, the bridges, docks, and public buildings of the State are as much a part of the wealth of the country, that is, have the same origin and fulfil the same purpose, as the railways, factories, and mansions in private hands; none the less that they have no exchange value, seeing that the State has no idea of disposing of them, and could hardly find a purchaser for some of them if it had.

What the world wants to know is the laws that govern the