

land, then, which is from its situation or its fertility specially suitable for manufacturing purposes or for agriculture, is able to secure from the person who desires to carry on production, but does not possess the land suitable for such production, a part of the product in return for allowing him to use that land. This part of the product paid to the owner of land for the use of that land is known as rent.

Interest.

2. Then, too, the man who wishes to begin the manufacture of a certain commodity has, besides paying rent, to erect buildings and purchase machinery and raw material before he can begin to produce. If he has no money of his own, he may, if his credit is good, procure money from those who have it, on his promise to pay them back their money with an additional payment which we call interest. This additional payment must, of course, nominally come out of the sale of the finished product, or at least be advanced out of the prospective sales to be recouped when they are realized.

Wages.

3. The prospective manufacturer must have people to work for him, and as they will not do so for nothing he will have to give them a share in the product of labour—a share known as wages. He will usually begin paying them wages before the product is actually disposed of, but he will charge up these wages against the product.

Profits.

4. Lastly the manufacturer will expect to have after rent and interest and wages are paid, something left over for himself—which he may consider as his profits.

But it is not only the manufacturer who makes profits. It is any man owning and managing a business of his own. The farmer, whether he be tenant or landlord, whether his farm be mortgaged or not, is running a business of his own, and so is the merchant. In general we call a man who is running a business of his own the entrepreneur—