

result in which all these agents play a part, and the reward of one agent is therefore dependent not only on its own part but on the contribution of the others. Greater efficiency resulting in a greater productivity makes possible greater rewards and improved conditions of employment.

It is essential to bear in mind this fact, that in modern industry labour does not work alone; it forms part of a productive organization. If, as part of a productive organization, the ordinary worker adds considerably to the market values produced, the return to labour will be high. This, in turn, will be largely determined by the relative plenty or scarcity of the various agents of production. In other words, if the supply of labour, relative to capital and natural resources, is small, wages will tend to be high, and vice versa.

Another factor will influence the rewards of the agents of production. While these co-operate in the process of production, they are not necessarily complementary. In fact there is competition between some of these agents in the field of employment. We have only to mention labour and labour-saving machinery. Industry must consider the relative efficiency and cost of these two agents when it organizes the factors of production.

Labour's share in the rewards of industry is influenced not only by the relative plenty or scarcity of the different agents of production, but also by the relative plenty or scarcity of the different kinds of labour. This in part accounts for differences in the levels of earnings of different kinds of groups of labour. Facts and circumstances entering into the determination of the wages of one kind of labour may not affect the level of earnings of another. These facts include differences in natural ability and skill and the correspondingly stronger bargaining power of the more skilled and, therefore, less numerous workers. If the number of any group of wage-earners is low relative to the addition made by this group to the production of market values, their wages will be high, and vice versa. The determination of their wage level is an independent process.

The foregoing facts and principles governing the determination of wages point to the complexity of the problem. Industry producing goods which must be sold at a price adequate to meet costs of production and to yield a reasonable return on investment is compelled to consider all these facts, as well as such important factors as domestic and foreign competition, the nature and extent of the market, the relationship of wages to other costs, and wage levels in other industries.

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