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The Roxborough,  
Ottawa, July 25, 1919

Mr. J. P. Cooper,  
Vice-President, The Howel Cotton Company of Georgia,  
Rome, Georgia.

My dear Sir:

On my return from England yesterday, I received your letter of July 11, in which you ask my opinion on certain concrete proposals therein stated.

Taking up the points of your letter seriatim, as to the ratio of contribution of Labor, on the one hand, and on the other, Capital Management, made to the net earnings, I am inclined to think that W. Stanley Jevons, whom I quote in my book, "Industry and Humanity", is right in assuming that it is wholly impossible to determine this ratio in any other than a purely empirical manner. The respective contributions of Labor and Capital and Management necessarily vary in time and place, according to the supply and demand of each. In a general sort of way, it would appear that there comes to be a rate of return, as regards each one of the three, which may be said to be the current or standard rate. It represents in a way what may be regarded as the potential return which each of these factors commands consequent upon their possible investment elsewhere. In considering a division of net earnings, the return to Labor and Capital in the form of wages and interest in accordance with the current rate for each, would appear to rank equally as an expense charge. A rare integrity and impartiality is, of course, necessary to determine this current or standard rate as a basis from which to proceed in the subsequent divisions of net earnings. Accepting a current return for Capital and a current return for Labor, it would seem that, to be just, in each case the return should be regarded as an expense charge.

To reduce to common terms the capital value of the Labor contribution, or the wage value of capital, looking to division of the net proceeds, might it not be fair to assume that the total wage payments to Labor made at the current rate would represent a return upon Labor investment equivalent, as

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