

CHAPTER IV

THE KINDS AND DEGREES OF INCOME

§1. KINDS OF INCOME

THE complex association of labour, which is the first associative method employed to produce or to increase income, involves *per se* that different individuals or different social groups should be restricted to different spheres of production. From this fact is derived a primary subdivision of the total income into a series of incomes which differ one from another, agrarian income, manufacturing income, and trading income ; and these are in turn subdivided, the first into the incomes from agriculture, pastoral life, etc., the second into the incomes from textiles, filatures, metal-working, etc.

Side by side with and in succession to the complex association of labour, there arises the simple association of labour, which, as we know, demands for its constitution the coexistence of several factors.—Now these factors which are essential to productive association may well demand a participation in the product of association, or in the income ; hence there arises a new segmentation of the total income into further parts, each of which is assigned to a different economic factor.

If the association of labour were free, so that the producers were always mutually interchangeable, the incomes possessed by individuals of equal capacity would necessarily be equal. Now, in such conditions, the diversity of the economic factors owned and contributed by the individual members could never give rise to quantitative differences in their income ; that is to say, it would in practice be impossible to ascertain the share of individual income attributable to one factor or to another. Hence the subdivision of the total income into various parts assignable to the respective factors of the productive association, would remain purely virtual in character, and it would