Vol. XLI No. 3

ECONOMIC EDUCATION BULLETIN

March 2001

Published by

AMERICAN INSTITUTE *for* ECONOMIC RESEARCH

Great Barrington, Massachusetts 01230

The Myth of the Iron Law of Wages*

Inaccurate information generates erroneous beliefs and inappropriate actions. As Will Rogers remarked of Herbert Hoover, "It isn't what he doesn't know that bothers me, it's what he knows for sure that just ain't so."

A disturbing case in point is the so-called iron law of wages—the economic regularity supposedly propounded by classical economist David Ricardo, that in a free economy, the long-run wage would just suffice to provide a worker and his family with bare minimum physical subsistence. If workers received higher wages, they would have more children, and the increased labor supply would drive wages back down to subsistence level. Capitalism, then, gave workers nothing to hope for beyond bare survival.

This iron law of wages has become a fixture in popular understanding of both free enterprise and classical economics, and much hostility to free-market economics and capitalism derives from it. Critics of capitalism have frequently invoked the iron law. John Kenneth Galbraith's popular-level economic history *The Age of Uncertainty* observes that Ricardo devised "the iron law of wages, the ineluctable tendency of wages to reduce themselves to the lowest level that still sustained life and perpetuated the race.... The landlords did well; workers were kept at, or returned to, the level at which they just survived."[1] Robert Heilbroner's *The Worldly Philosophers,* a history of economic thought which went through several editions and found places on college reading lists, depicted Ricardo's system as "tragic" and "morbid." In Ricardo's theory, he wrote, the worker is doomed in the long run to living at "the margin of subsistence," because he responded to wage raises by procreating, thereby driving his wages "right back down to subsistence."[2]

Among general historians the iron law of wages has been used to characterize classical economics as grim and gloomy. In his history of England, Paul Johnson raged that classical economists substituted for canon law "their own 'iron' laws of wages.... The iron laws must be allowed to operate: society would be crushed if it sought to impede their remorseless progress." Johnson damned classical economics as a "monstrous doctrine of unreason."[3] A 1984 college-level textbook of the modern world informed students that "As for the workingman, according to classical economists before about 1850, he should not expect to make more than a bare minimum living," thanks to the iron law. "The workingman, if discontented, should see the folly of changing the system, for this *is* [original italics] the system, the natural system—there is no other. Political economy as taught in grim Manchester was not without reason called the 'dismal science.'"[4]

Moreover, any number of scholarly treatments of capitalism have invoked the iron law of wages. For example, in his account of America's abandonment of *laissez faire* in favor of an interventionist state, historian Sidney Fine wrote that "The wages-fund theory and Ricardo's 'iron' law of wages...offered little comfort to the laboring classes." Workers "could not, according to

* This article is by AIER Adjunct Research Fellow Dr. John Attarian, an economist and writer who resides in Ann Arbor, Michigan.

[1] John Kenneth Galbraith, *The Age of Uncertainty* (Boston: Houghton Mifflin, 1977), p. 102.

[2] Robert L. Heilbroner, *The Worldly Philosophers: The Lives, Times, and Ideas of the Great Economic Thinkers* (New York: Simon & Schuster, 1953), pp. 86-89.

[3] Paul Johnson, *A History of the English People* (New York: Harper & Row, 1985), p. 276.

[4] R. R. Palmer and Joel Cotton, *A History of the Modern World,* 6th ed. (New York: Alfred A. Knopf, 1984), pp. 433-434.

Ricardo's law of wages, expect wages *in the long run* [Fine's italics] to rise above the level of subsistence…. Ricardo's law presented a rather bleak prospect to the laborer, but the government was nevertheless instructed not to intervene on his behalf."[5]

The principal difficulty with these, and many other such references, is that there *was no* iron law of wages in classical economics. The notion that Ricardo propounded an iron law of wages pertaining to a mere subsistence wage cannot survive an unbiased and careful reading of what he actually wrote. Be that as it may, the version of economics that matters for practical purposes is the one that informs the general population, opinion leaders, and politicians. In that rendering, the iron law of wages still shapes popular attitudes toward both free enterprise and capitalism, and therefore merits more critical scrutiny.

What Iron Law? What Ricardo Actually Said

In *Principles of Political Economy and Taxation,* Ricardo defined the natural price of a commodity as the quantity of labor necessary for its production, and the natural price of labor as "that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without increase or diminution."[6]

Standing alone, this circumstance does indeed seem bleak, and most references to Ricardo's alleged iron law of wages stop here. But Ricardo did not. The natural price, he immediately added, depends on the price of the "food, necessaries, *and conveniences become essential to him from habit* [italics added]."[7] So he was clearly talking about a wage sufficient to obtain an accustomed standard of living, not mere physical subsistence.

The market price of labor, determined by supply and demand, can differ from the natural price, and when it exceeds the latter, Ricardo wrote, workers flourish and can rear large families. Such circumstance, however, increases the labor supply, driving money wages down to, or perhaps even below, the natural price. Even the latter situation, however, does not imply that labor must suffer a wage inadequate for subsistence, but rather one that affords a lower than customary standard of living. To be sure, when labor's market price is below its natural price, "the condition of the labourers is most wretched: then poverty deprives them of those comforts which custom renders absolute necessaries." But the comforts that custom renders "absolute necessities" (cable access, college education, etc.) may vastly exceed life's necessities. Whatever customary standards of living might be, the clear implication is that the natural price of labor buys *more* than a minimum subsistence. Subsistence wages prevail only if the market wage falls *below* its natural level—and after the number of laborers drops, or the demand for labor rises, money wages rise to labor's natural price, enabling workers to enjoy the "moderate comforts which the natural rate of wages will afford."[8]

Ricardo observed further:

> It is not to be understood that the natural price of labour, estimated *even in food and necessaries* [omitting accustomed conveniences, note!], is absolutely fixed and constant. It varies at different times in the same country, and very materially differs in different countries. *It essentially depends on the habits and customs of the people.* An English labourer would consider his wages under their natural rate, and too scanty to support a family, if they enabled him to purchase no other food than potatoes, and to live in no better habitation than a mud cabin; yet these moderate demands of nature are often deemed sufficient in countries where "man's life is cheap", and his wants easily satisfied. Many of the conveniences now enjoyed in an English cottage, would have been thought luxuries in an earlier period of our history.[9] (italics added)

The natural price of labor, then, is primarily ("essentially") determined by the level of material progress attained by the society in question. The natural price had increased over the course of English history, and while Ricardo did not say so explicitly, a clear implication is that it might be yet higher in the future. (It should be noted that the term "subsistence wage" is not Ricardo's—he never employed it in his wage theory).

---

[5] Sidney Fine, *Laissez Faire and the General-Welfare State: A Study of Conflict in American Thought, 1865-1901* (Ann Arbor, MI: University of Michigan Press, 1964), pp. 7-8.

[6] David Ricardo, *On the Principles of Political Economy and Taxation,* vol. 1 of *The Works and Correspondence of David Ricardo,* ed. Piero Sraffa (Cambridge: Cambridge University Press, 1953), p. 93.

[7] Ibid.

[8] Ibid., p. 94.

[9] Ibid.

Moreover, his sympathies were clearly with the workers: "The friends of humanity cannot but wish that in all countries the labouring classes should have a taste for comforts and enjoyments, and that they should be stimulated by all legal means in their exertion to procure them." This would be the best defense against overpopulation, which, he believed, would expose workers to misery and misfortune. In societies where workers "have the fewest wants, and are contented with the cheapest food," their standard of living is already so meager that should they experience economic adversity they cannot "seek safety in a lower station," that is, forego convenience for the sake of necessity.[10]

As society naturally advances, the supply of workers might tend to outrun demand for them, which is driven, in Ricardo's theory, by the rate of accumulation of capital. On the one hand, insofar as wages are regulated by supply and demand, they would tend to fall. On the other, "we must not forget, that wages are also regulated by the prices of the commodities on which they are expended."[11] The logical inference (neglected completely by adherents of the Iron Law) is that the cost of workers' accustomed standard of living, and their desire to maintain it, might offset the tendency toward lower wages.

In short, the sophisticated theory of the natural price of labor that Ricardo developed was informed by humane and nuanced observation. While it would be a stretch to term this view genuinely optimistic (he fully accepted Malthus's notions regarding the supposed natural limits to population), it was far more flexible than the rigid caricatures of Galbraith, Fine and others might suggest. Within the confines of a Malthusian construct, he developed a logical view of the advancement of labor that actually depended on successful promotion of higher standards of living of labor—which raised its natural price and, perhaps as important in his view, curbed population growth. Although such theory—which failed entirely to anticipate that advancing agricultural technology could support a population explosion that would render Malthusian notions obsolete—in many respects remains irreparably flawed, it differed significantly from the law of wages so often invoked in his name. If not Ricardo who, then, was responsible for the grim "Iron Law?"

[10] Ibid., pp. 100-101.
[11] Ibid., p. 101.

Birth of the Iron Law: Ferdinand Lassalle's Formulation

In 1863 the Central Committee for the Organization of a General Workers' Conference in Leipzig invited the German socialist Ferdinand Lassalle to air his views on whether a labor movement could improve the station of the working class, and whether workers' associations would serve this goal. In an open letter to the Committee, Lassalle argued that workers' consumer cooperatives would be ineffective in making the working class better off, because under the existing rule of supply and demand, "wages are determined by the following *Iron Law* [original italics and capitals]: the average wage is always reduced to the absolutely necessary subsistence, demanded by the customs of the people for the maintenance of life and the propagation of the race." Market wages can fluctuate around it, but cannot long exceed it, because the working class population would rise and drive the wage back down. Average wages, Lassalle reiterated, would be limited to "what is absolutely necessary for subsistence and the perpetuation of the race—such, I repeat, is the iron and cruel law, regulating wages under present conditions."[12]

The theoretical basis of all this is recognizably Ricardian, but Lassalle restated Ricardo in polemical language that implied a remorselessness and inflexibility ("iron law," "iron and cruel law") that Ricardo never voiced. In this extreme rendering, Ricardo's flexible natural price that in theory accommodated any variety of standards of living (accustomed conveniences) became a far more rigid wage sufficient only to buy what is "absolutely necessary for subsistence." In fairness, Lassalle did add that this subsistence amount could vary over time, perhaps even slowly improve, and in another publication he used Ricardo's qualification of subsistence as determined by customs and habits. But the language in his open letter strongly suggested a wage affording mere survival: "the extreme limit of absolutely necessary subsistence in accordance with the maintenance of life," and "necessary minimum of subsistence."[13]

That Lassalle's rendering of wage theory departed sharply in both tone and substance from that of Ricardo was noted even by one of capitalism's most severe critics. Frederick Engels

[12] Michael T. Wermel, *The Evolution of the Classical Wage Theory* (New York: Columbia University Press, 1939), pp. 161-162.
[13] Ibid., p. 164.

himself pointed out in a letter to August Bebel that Lassalle's law entailed a "falsification" of Ricardo.[14]

Lassalle invoked his iron law to argue that capitalists gave the workers "just so much as is absolutely necessary for the support of their existence," while "The whole remainder of the product of labour goes to the entrepreneur." Thus the "iron and cruel law" keeps labor from benefiting from improvements in productivity. Labor's only hope, Lassalle concluded, was ownership of productive property—which would, by eliminating the wage system entirely, break the shackles of the iron law. Only then would workers get the whole product of labor. But for this to happen, the State had to assist in creating workers' production associations.[15]

The iron law of wages, then, *did not exist* in classical economics. Contrary to the popular view, it was *not* devised by the free market economists of the Manchester School to provide an objective description of wage determination under capitalism. Rather, it appears to have been the creation of one of capitalism's most intense critics who hoped to convince workers that their prospects under capitalism were hopeless in order to persuade them to break out of the wage system altogether.

A Handy Weapon for Critics

For capitalism's subsequent detractors, Lassalle's phrase "iron law of wages" was a powerful weapon of attack, characterizing capitalism (and *laissez faire* economists) as heartless, grim and inhumane, offering the workers no hope if left to its own devices. Their only salvation lay in unionization, government intervention on their behalf, or both. Capitalism's critics could point to the iron law of wages and cry, "If this is the free market (and free market economics), the Devil take it!" They did.

Predictably, the iron law of wages grated on the labor movement. Samuel Gompers' autobiography recorded that "My mind intuitively rejected the iron law of wages, the immutable law of supply and demand, and similar so-called 'natural laws.'" Such "laws," he asserted, were just rationalizations for the status quo. His activism flowed from his "aversion to any theory of economic fatalism."[16] Writing in *The American Federationist,* the American Federation of Labor's monthly magazine, Gompers characterized economic theories such as the iron law as "dismal and unwholesome" and argued that far from having to submit to them, workers could obtain higher wages through collective action.[17]

Similarly, in the latter half of the 19th century new schools of economic thought that rejected the *laissez faire* teachings of the classical economists and were sympathetic to state intervention gained adherents. The iron law was a useful device for them: pinning the unpalatable iron law, with its determinism, pessimism and moral of hopelessness, on the classical economists enabled them to set up a straw man to knock over. Thus Simon N. Patten, a professor of political economy at the University of Pennsylvania, repudiated the iron law as a "materialistic, pessimistic" concept in favor of a more optimistic view of social progress and rising income.[18] In his *Premises of Political Economy,* Patten described Ricardo's natural rate of wages as that "just sufficient to support the laborer and bring up a new generation to supply their places." Higher wages would raise population, driving wages back down to this level. Patten omitted Ricardo's qualification that the natural rate is culturally determined. Economists abandoned this view, he added, because they realized that what is natural changes with the accomplishments and requirements of labor and with "changes in political and social institutions."[19] (Which is not far from Ricardo's own view.) While Thomas Nixon Carver, a Harvard professor of political economy, admitted Ricardo's qualification that the natural price depended on what workers deemed essential, he added that Ricardo "left no doubt" that he believed the long-run tendency was "to force the standard of living down to a subsistence minimum."[20] Which of course is what Ricardo did *not* say.

Clerical critics of capitalism also drew on the iron law of wages. William Immanuel Ketteler, Catholic bishop of Mayence, Germany, accepted

---

[14] Frederick Engels, "Letter to August Bebel, March 18-28, 1875," in Karl Marx, *Selected Works,* vol. II (New York: International Publishers, n. d.),p. 589.

[15] Wermel, *Evolution of the Classical Wage Theory,* pp. 166-168.

[16] Samuel Gompers, *Seventy Years of Life and Labour: An Autobiography* (New York: Augustus M. Kelley, 1967), pp. 1-2.

[17] Samuel Gompers, *Labor and the Employer* (New York: E. P. Dutton, 1920), pp. 72-74.

[18] Simon N. Patten, "The Reconstruction of Economic Theory," supplement to *The Annals of the American Academy of Political and Social Sciences,* vol. 44, (November 1912), pp. 38-39.

[19] Simon N. Patten, *The Premises of Political Economy* (Philadelphia: J. B. Lippincott, 1885), pp. 75-76.

[20] Thomas Nixon Carver, *The Distribution of Wealth* (New York: Macmillan, 1921 [reprint of 1904 ed.]), p. 172.

Lassalle's iron law and cited it to scourge the capitalist wage system as unjust, as did Protestant pastor Rudolph Todt.[21] The iron law subsequently appeared in Pope Pius XI's encyclical *Quadragesimo Anno* (1931), a landmark document of Catholic social teaching:

> Capital, however, was long able to appropriate to itself excessive advantages; it claimed all the products and profits, and left to the laborer the barest minimum necessary to repair his strength and to insure the continuation of his class. For by an inexorable economic law, it was held, all accumulation of riches must fall to the share of the wealthy, while the workingman must remain perpetually in indigence or reduced to the minimum needed for existence.[22]

In the same paragraph Pius characterized this formulation as a "liberalistic tenet of the so-called Manchester school," a "false opinion" and "specious axiom." To this day, the ecclesiastical criticism of capitalism, much of which revolves around the demand for a "just wage" or "living wage," still invokes the iron law of wages.[23]

Liberal journalists, historians and economic popularizers also drew on the iron law in their critical characterizations of free enterprise. In his influential *A New Deal* (1932), Stuart Chase numbered the iron law, which "held labor perpetually at the line of bare subsistence," among the "cardinal assumptions" of the Manchester school. Under *laissez faire* and the iron law, Chase asserted, wages just sufficed "to keep breath in the worker's body."[24] Likewise Frederick Lewis Allen attributed the iron law to Ricardo, asserted that it had yielded "abominations" in Victorian England and great suffering in 19th century America, and argued that "the big change" in American life in 1900-1950 was that the American conscience revolted against this injustice and that, spurred by the Great Depression, we had, through minimum wage laws, labor unions and other devices, "repealed the Iron Law of Wages."[25]

The iron law of wages, in short, became—and remains—an important part of what might be called the folklore of anti-capitalism.

The Iron Law in Economic Education

This folklore, alas, frequently enters the popular mind by way of economic education. Many college students take at least a principles course in economics. This is where many of them first encounter the economics profession's own version of economic thought, which they naturally deem authoritative and trustworthy, and form their first impressions about what free-market economists believed and taught. Unfortunately, those impressions are apt to be erroneous, because the iron law of wages, being one of the arresting extreme cases beloved of pedagogues, has seeped into principles courses. Successive editions of Paul Samuelson's *Economics,* one of the most widely-used principles texts, and one of the few to address classical economics, assert that "many classical economists believed that wages tended toward the bare minimum of subsistence," yielding a horizontal long-run labor supply curve at a "bare-minimum" wage.[26]

In labor economics textbooks, matters have long been just as misleading. A 1943 labor text depicts Ricardo as propounding the iron law and holding that wages could never, in the long run, exceed a constant, "mere subsistence level." Whether landlords profited at manufacturers' expense or vice versa, "it was black bread for the worker in either case. Such was the pessimistic view of the English classical school."[27] Friedrich Baerwald's *Fundamentals of Labor Economics* (1952) is similar.[28] Orme Phelps' *Introduction to Labor Economics* (1967) cites "Ricardo's 'iron

---

[21] John Rae, *Contemporary Socialism* (New York: Charles Scribner's Sons, 1910), pp. 224-239.

[22] Pope Pius XI, *Quadragesimo Anno,* par. 54, in Joseph Husslein, S.J., *The Christian Social Manifesto: An Interpretive Study of the Encyclicals* Rerum Novarum *and* Quadragesimo Anno *of Pope Leo XIII and Pope Pius XI* (New York: Bruce Publishing Co., 1931), p. 298.

[23] See, e.g., Rupert Ederer, "The Sovietization of American Women," *New Oxford Review,* May 1999, p. 23; Rev. Peter Laarman, "When the Gods of the Market Rule," reprinted from *Beyond Charity,* newsletter of People of Faith Network (http://www.nlcnet.org/pof/market.htr).

[24] Stuart Chase, *A New Deal* (New York: Macmillan, 1932), pp. 40-41, 54, 63.

[25] Frederick Lewis Allen, *The Big Change: America Transforms Itself 1900-1950* (New York: Harper & Brothers 1952), pp. 49-50, 285-286.

[26] See, e.g., Paul A. Samuelson, *Economics: An Introductory Analysis,* 3rd ed. (New York: McGraw-Hill, 1955), p. 531; Paul A. Samuelson, *Economics,* 10th ed. (New York: McGraw-Hill, 1976), p. 576, Paul A. Samuelson and William Nordhaus, *Economics,* 12th ed. (New York: McGraw-Hill, 1985), pp. 622-623.

[27] S. Howard Patterson, *Social Aspects of Industry: A Survey of Labor Problems,* 3rd ed. (New York: McGraw-Hill, 1943), pp. 145-146.

[28] Friedrich Bearwald, *Fundamentals of Labor Economics,* rev. ed. (New York: Fordham University Press, 1952), pp. 82, 84.

law,'" that long run wages "tend to the level which barely supplies working people with the means of subsistence."[29] Without citing Ricardo specifically, Sidney Finkel and Vincent Tarascio's *Wage and Employment Theory* (1971) attributes to classical economics the idea that the long run wage would be "the minimum level necessary to sustain human life," predicting "a dismal future for labor," which could anticipate only a "barely adequate wage."[30] Similarly, Dan Bellonte and Mark Jackson's *Labor Economics: Choice in Labor Markets* (1979) has it that the classical economists propounded the iron law, "the position that regardless of the possibility of upward movement of wages in the short run, they would return to the subsistence level in the long run. This pessimistic view of the long-run prospects of the working class is what caused economics to be labeled the 'dismal science.'"[31] Even N. Arnold Tolles's *Origins of Modern Wage Theories* (1964), a scholarly text for students and general readers on the history of wage theories, attributes to Ricardo the "iron law of wages" holding that "wages could not remain higher than the amount necessary to buy the goods the worker needed in order to live at a bare minimum of subsistence."[32] None of these texts mentions Ricardo's understanding of labor's natural price as providing an accustomed standard of living rather than minimum subsistence. To their credit, some labor textbooks do present this more sophisticated—and accurate—version of Ricardo's wage theory.[33] But that so many are so wrong is unsettling.

One might expect that books on the history of economic thought by economists intended for students or general readers would make more of an effort to get Ricardo right, but here too there are grave problems. Both Daniel Fusfeld's *The Age of the Economist* and Robert Ekelund and Robert Hebert's *A History of Economic Thought and Method* have it that Ricardo maintained that wages would always tend to "subsistence level," which goes undefined, and omit all of Ricardo's qualifications.[34] Ricardo, according to George Soule's popular-level history of economic thought, "systematized Malthus' iron law of wages," that wages were always near "the level necessary to maintain a minimum of subsistence" and pay "only enough to keep the worker alive."[35]

All of this adds up to a serious cautionary tale about the quality of economic education. Professional economists, writing for students and the general public, frequently did, and do, present a polemical device concocted by a strident critic of capitalism, an activist rather than a conscientious economist, as a major theory by one of the most influential economists in history. This mainstream understanding of Ricardo's economics—and by extension the entire classical school—is seriously flawed.

The economics profession's generally "dismal" performance in presenting Ricardo's theory of wages is reason for concern on far broader grounds. For if the history of the "Iron Law" provides any indication, the quality of scholarship underlying perhaps much of the conventional wisdom respecting economic thought and economic history would seem suspect. How much of what we read on these topics can we safely believe? How much trust can economics students place in their textbooks' treatments of such matters? Is even the conventional account of Malthus' population theory correct? Was the classical school really as gloomy as it was, and still is, made out to be? Were the Industrial Revolution and the factory system as horrible as is generally supposed (especially in relation to the alternatives)? Is the "Keynesian" representation of the "classical" school accurate? Is a genuinely free enterprise economy as unstable as its mainstream critics make it out to be? How much of the critique of free enterprise and free market economics rests on polemical misrepresentations?

This brief excursion into the origins of the iron law of wages may reveal it for what it is: a tendentious falsehood that, in the ideal pedagogical world, would be but an antiquarian curiosity. Unhappily, it remains very much alive—even on the cutting edge of the Information Age, the Internet. Dozens

---

[29] Orme W. Phelps, *Introduction to Labor Economics,* 4th ed. (New York: McGraw-Hill, 1967), p. 23.
[30] Sidney R. Finkel and Vincent J. Tarascio, *Wage and Employment Theory* (New York: Ronald Press, 1971), pp. 3, 5.
[31] Dan Bellonte and Mark Jackson, *Labor Economics: Choice in Labor Markets* (New York: McGraw-Hill, 1979), p. 44.
[32] N. Arnold Tolles, *Origins of Modern Wage Theories* (Englewood Cliffs, NJ: Prentice-Hall, 1964), p. 12.
[33] Solomon Blum, *Labor Economics* (New York: Henry Holt, 1925), pp. 433-434; Abraham Gitlow, *Labor and Industrial Society,* rev. ed. (Homewood, IL: Richard D. Irwin, 1963), pp. 205-206.
[34] Daniel R. Fusfeld, *The Age of the Economist,* 3rd ed. (Glenview, IL: Scott, Foresman & Co., 1977), p. 45; Daniel R. Fusfeld, *The Age of the Economist,* 8th ed. (Reading, MA: Addison-Wesley, 1999), p. 43; Robert B. Ekelund, Jr. and Robert F. Hebert, *A History of Economic Thought and Method* (New York: McGraw-Hill, 1975), pp. 91-93.
[35] George Soule, *Ideas of the Great Economists* (New York: Viking Press, Mentor Books ed., 1952), pp. 51, 64.

of websites currently cite the iron law, many of them connected with college courses in economics or history. Some, including that of the *Financial Times* (www.ft.com), even misidentify Ricardo's *Principles of Political Economy and Taxation* as *The Iron Law of Wages.* The iron law continues to be attributed to Ricardo by authorities who should know better, such as *The Columbia Encyclopedia,* which is produced by Columbia University, and *Encyclopaedia Britannica.* The former identifies Ricardo as one of the "main exponents" of the iron law, that "wages cluster around the bare subsistence level of workers."[36] At www.britannica.com, under "Ricardo, David," one finds the following: "His laissez-faire doctrines were typified in his Iron Law of Wages, which stated that all attempts to improve the real income of workers were futile and that wages perforce remained near the subsistence level."[37]

Such continued misrepresentation of the iron law may be only a page in the broad history of the ongoing development of economic science. But it is a sobering reminder that the battle against error and for accuracy in economic education is far from won. It matters more than one might think. From today's misrepresentations and misunderstandings flow tomorrow's economic policies.

[36] "Wages," *The Columbia Encyclopedia,* 6th ed. (New York: Columbia University Press, 2000), at bartleby.com, Great Books Online (http://www.bartleby.com).

[37] "Ricardo, David," Encyclopaedia Britannica (http:/ www.britannica.com).

Economic Education Bulletin (ISSN 0424-2769) (USPS 167-360) is published once a month at Great Barrington, Massachusetts, by American Institute for Economic Research, a scientific and educational organization with no stockholders, chartered under Chapter 180 of the General Laws of Massachusetts. Periodical postage paid at Great Barrington, Massachusetts. Printed in the United States of America. Subscription: $25 per year. POSTMASTER: Send address changes to ***Economic Education Bulletin***, American Institute for Economic Research, Great Barrington, Massachusetts 01230.

ECONOMIC EDUCATION BULLETIN

AMERICAN INSTITUTE FOR ECONOMIC RESEARCH
Great Barrington, Massachusetts 01230

Periodical postage paid at
Great Barrington, Massachusetts