

RM 2-9 Primary Source: Ricardo on Wages

Name: _____ Course: _____ Date: _____

Provide a brief explanation of the Iron Law of Wages:

QUESTIONS

1. What is the “natural price” of labour? Why might wages depart from this natural price?

2. According to Ricardo, what effects will the demand for labour have on the growth or decline of the population?

3. In what way can industrial capitalists rationalize lower wages for their workers as performing a service to society?