

classes, to conclude with a glance at the third class, namely, those material valuables that are obtained from free and unowned sources, such as masts cut in the wilds of America on both oceans two and three hundred years ago, and fish caught on the Banks of Newfoundland, and furs gathered to such profit in the north by the Hudson's Bay Company, and salt evaporated in the tropics by a free sun from old ocean's brine.

These, and all such things as these, have a cost of production determined only by the cost of present labor and capital, and consequently a grade of value determined only by present Demand and Supply, unentangled for the most part by questions of rent and prior claim and taxation and nationality. All these things, accordingly, are relatively cheap, except as the element of Scarcity, and on that account of strong Desire, may sometimes come in to enhance the value. No man can tell the time exactly when French fishermen from the coasts of Brittany ventured over to the Banks of Newfoundland in their frail barks for the abundant cod in those waters, and went back home again at the close of the season freighted with plenty of a free and cheap food for their families and countrymen; or when it was that rude men calling themselves English followed these in their western track for the same general purposes, to become thereby hardy seamen on deeper seas, such as those who gained long afterwards the naval victories of Nelson; and we have all read in the fascinating pages of Irving the ventures and adventures of John Jacob Astor, the attraction of free furs in the Northwest of America, the hazards and the history incident to obtaining them, and the immense profits gained by their sale in the markets of the old world.

## CHAPTER III.

## PERSONAL SERVICES.

THERE are three kinds of things only ever bought and sold in this good world of ours. In the preceding chapter we have conned carefully the first kind, material commodities, in their three subdivisions of land-parcels and products of such parcels and products of free land and sea. In the present chapter we come to study the second kind of valuable things, personal services, which we shall also find subdivisible into three classes. We have treated of Commodities first, because their value in its grounds and changes is more easily understood than that of the other two kinds, while in point of *time* Services might well enough have been considered first, since it is these that manipulate into value the originally rude forms of Nature. The main difference between the two is this: in Commodities the attention is naturally drawn to tangible *things* offered for sale, such as lands and wheat and fish; while in Services the attention is strongly drawn to *persons* offering them for sale, such as the common laborer and the skilled artisan and the professional artist. This distinction, though obvious and useful as between commodities and services, is not after all radical; because Economics is a science of Persons from beginning to end; inasmuch as the services precede and are merged in the commodities, and inasmuch as the Desires (personal) of some men for the renderings of other men antedate and underlie all exchanges whatsoever.

Personal Services are technically named *Labor* in the science of Political Economy. This nomenclature is old and familiar, and will probably always persist on that account, but it is not of itself of the happiest, and it gives birth to some ambiguities and many fallacies. Let us look at these for a moment, before we pass to the definition and discussion of what is commonly called Labor, but what is better described by the term, Personal Services.

Contrast will help us a little here. Commodities can always be measured by some *Standard* outside of themselves: for example, land-parcels are measured into acres and fractions thereof by a surveyor's compass and chain; metals and cereals are weighed into centners and parts thereof by scales of some sort; and sugar is not only weighed at the custom-house, but tested as to other qualities by the polariscope. Now land, wheat, sugar, and all other commodities, have an existence separate from the standards that measure them, and whether they are bought or not they continue for a time essentially the same. They exist *per se*. They were indeed brought into existence on purpose to be sold, and if they cannot be sold, similar things additional will not then and there be brought into the market, but these things themselves are there separate from the seller and separate from the buyer. Not so with personal services. They do not exist *per se*. They are not separate from the seller, and they cannot come into existence without a buyer. *Skill* is something the artisan cannot part with, nor can he sell the service to which the skill gives rise till the buyer be present with the return-service in his hands. The Laborer of any class cannot put his "service" on exhibition, and then wait for a buyer, as the commercial drummer sells goods by sample. The doctor, for example, must have his *patient* before he can show his skill. The buying and selling of personal

services, accordingly, is more intimate and ultimate than the buying and selling of commodities: it brings people more closely together: it depends much more on traits of *character* and on acquired *skill*.

Right here we may see clearly the main objection to the term, "Labor," as commonly used, and the bad fallacy to which it gives birth. "Labor" is indeed in form and origin an *abstract* term as much as "service" is, with this difference, that the word "service" radically implies the person serving and another person served at the same instant; but the term "Labor" has long been taking on itself in the mouths of men a *concrete* meaning, as if it might be something separate from the laborers, as in the common phrase "Labor and Capital," which has already done a world of mischief and is likely to do a good deal more, because it seems to imply, that the two are alike in independent self-existence, and that they stand over against each other on equal terms for a fair bargain or for a free fight. This is not the case, as we shall see more fully later; since capital is something separable from the capitalist, always a commodity or a claim, always transferable, always valuable or else it will not be "Capital." Some of the German economists, and particularly John Conrad of Halle, have avoided this difficulty by a clean nomenclature. They say "*Labor-givers*" and "*Labor-takers*," instead of Laborers and Capitalists, and especially instead of "Labor and Capital," thus emphasizing the personal element in both terms, and also leaving themselves free to define and use the term "Capital" as distinct from any particular capitalist, while the term "Labor" cannot be defined and used as distinct from any given laborer. This precise point, though probably new, is of very considerable consequence in the true doctrine of Wages.

We are compelled by the exigencies of the English

language and the still stronger fetters of economical custom to continue to use the terms "Labor" and "Laborers" in their technical sense, and in connection with the scientific terms "Capital" and "Capitalist"; but we shall always use each of these words in the same meaning, and free them as far as possible from the fungous accretions that have fastened upon them in the course of time.

*Personal effort of any kind put forth for another in view of a return-service and for the sake of it is labor.*

*Laborers are persons rendering their peculiar services to other persons for a commercial reward.*

*The valuable received by a laborer for his service rendered is Wages.*

These definitions exclude from our circle of view all Efforts of anybody put forth for other than commercial reasons; and they include all Efforts of everybody, from the President to the scrub, put forth under the inducement of a return-service or Wages. No good end seems to be reached by trying to distinguish, as Francis Walker does in his "Wages-Question," between the "Wages-class" and the "Salary-class," because there appears to be no scientific or other economical difference between Wages and Salary. Each is a return-service for another service rendered, and that is all there is to it. The whole class of Laborers, accordingly, in any civilized and progressive country, is immensely large and becoming constantly larger. Excluding, of course, from this class all persons in so far as they render so-called moral services to others, which are in their very nature *free*, such as those that spring from duty and courtesy and benevolence, and these happily are also an immense and fast-augmenting class, though our Science has nothing to do with them directly, the number of those persons in every community and in every rank of every community, who sell personal services

of some sort in distinction from commodities and credits, is pretty nearly as large as the *per capita* population of adults and competents within that circuit. It must be borne in mind, that the same persons whose primary business it may be to sell commodities or credits, often sell services also in some subordinate or incidental way; and also, that the same persons, who are dispensing on the one hand their gifts and moral renderings freely, are frequently of the busiest in selling on the other hand their personal services for pay. In other words, the sellers of Services cannot be discriminated *as to their persons* from other sellers, or even from downright *givers*; but the *action* of selling, and the law of it, is quite distinct in the three cases of selling, and utterly diverse in the one case of giving.

Now, can we sub-classify within this vast class of service-sellers, so as to help us understand better the class as a whole, and so especially as to help us understand better the Law of Wages within the entire class? We have just criticised Walker in a friendly spirit for attempting to draw lines of demarcation within this wide field: can we draw any useful ones ourselves less open to criticism than his, and such as rest back upon fair differences in nature and form? Walker makes his distinctions turn on certain peculiarities in the return-services: can we make ours turn better and clearer on certain peculiarities in the services themselves? We can at least try. Hard and fast lines cannot be drawn here, we admit. The exterior lines around Commodities and around Services and around Credits are each sharp and firm; and so is the deep-fixed circle that includes all three of these alike as Valuables; but *within* the smaller circles the lines of needful division are somewhat more shadowy, though we leave with confidence to competent Economists the triple lines but just now drawn within the sphere of material Commodities.

A rude classification among "Laborers," then, yet one useful and indeed indispensable, may be made into (1) Common Laborers, (2) Skilled Laborers, and (3) Professional Laborers.

Common Laborers are those, whose services may be acceptably rendered by an ordinarily competent person after a little patient practice and instruction, without anything corresponding to an *apprenticeship* as a preliminary to their selling their service. Farm hands, teamsters, porters, waiters, miners, longshoremen, railroad laborers, and many more belong to this first class. Owing to the ease with which this class can be recruited at any time from growing boys and emigrating foreigners and from those who may have essayed the class above and fallen back, the Supply here is kept constantly large relatively to the Demand for such services, and consequently Wages are always the lowest and steadiest in this lowest class of Laborers.

Skilled Laborers are those, who have had to pass through something equivalent to an apprenticeship in order to be able to offer their services for sale. These, as a class, present some considerable points of difference from common laborers. Their numbers are fewer, for the reason, that relatively few parents can afford to give their children the time and money needful for them to learn a trade, or to become skilful in any art requiring prolonged education; as a result of this lessened press of competition among themselves, and because being intelligent and consequently mobile they are able to insist better on their claims and distribute themselves to points where their services are in more demand; and because they are likely to be subject to a stronger Demand than common laborers, on account of the close connection of their services with special accumulations of Capital; the Wages of skilled laborers will

infallibly rule higher than those of common laborers. Artisans in general constitute this second class of laborers.

Professional Laborers are those, who have received a technical education, — something more than an apprenticeship, — expressly to fit them to render difficult and delicate services to their fellow-men for pay, and who possess besides the requisite character and talents and genius to enable them to succeed. Clergymen, physicians, lawyers, literary men, artists, actors, and many more, render professional services loosely so-called. The obstacles at the entrance of this path occasioned by the lack (1) of appropriate natural gifts, or (2) of the requisite industry and character, or (3) of the means of suitable education and training, practically exclude so many persons, that the competition in the higher walks of professional life is not such as to prevent a very large remuneration for services rendered. The demand for these is often peculiarly intense, as well as the supply peculiarly limited. When great interests of property, of reputation, of life, are at stake, it is felt that the best men to secure these must be had at almost any price. Fees and rewards for services of great delicacy, of great difficulty, of great danger, are paid by individuals and corporations and nations without grudging. Comparatively few men reach the highest points of excellence in their respective professions, and they have in consequence a natural monopoly in these fields of effort, and receive for their labor a very high rate of Wages. For example, Daniel Webster often took a fee of \$1000 for a single plea in court; Paganini, a like sum for an hour's playing on a violin; and Jenny Lind, at least as much for an evening's singing in a concert, because there was in each case a strong demand for a peculiar service and only one person in the world who could render that service in the circumstances to the same perfection. But

the objections which lie with such force against artificial monopolies, cannot be urged at all against a natural monopoly; for, if the road to excellence be open to all, and no artificial obstructions thrown in the way of any, there is no blame but rather praise for him who distances all competitors, and asks and receives for services of peculiar excellence a large remuneration. Exchange rejoices in all diversities of advantage that are the birth of freedom, but reprobates with all her force advantage that is gained by artificial restrictions, because artificial restrictions always infringe on somebody's right to render services for a return; and the right to render services for a return is the fundamental conception in the Right of Property.

Is it open for us, to gain a somewhat deeper and clearer sense of *what that is exactly* that is rendered in these three classes of personal Services, before we pass to the considerations which determine in all cases their Value? It is plain, that what common Laborers sell for the most part, if not exclusively, is *muscular exertion* of some kind, guided by the mind as trained in habit, and aided by appropriate implements, all designed to meet the desire and so call forth the return-service of the purchaser; it is equally plain, that skilled Laborers with scarcely any more exceptions than before sell the same sort of physical exertions, or motions, this time guided by mental action of a higher grade and wider scope, and aided also by more elaborate tools working towards the desires and consequent returns of a set of buyers more scrupulous and exacting than the first set; and it is plain enough, that some of the highest professional services, for instance the surgeon's, though not by any means the mass of such services, are essentially of the same kind as the two former, namely, muscular motions, guided by the most intimate and exact knowledge of things, and aided too by instruments the

most scientific and expensive. In many of the professional services the physical element sinks to a minimum, while the intellectual and moral factors come to the front and take up the chief attention; it will be found, however, that the physical factor is always present in some degree, as, for example, in the counsel's plea before the court, and in the physician's visit on his patient; and in almost all cases, if not in all, some implement or other plays its part in the process of professional service before it ends, as Cicero used a pitch-pipe or tuning-fork to gauge his voice in his great pleas for Roman clients.

Precisely what is rendered, then, in all cases of Personal Services in each of their three loose kinds, is *muscular motion conjoined with mental effort and both these assisted by habit and by some form of what we call Capital*. The Services are therefore *Personal* in the highest sense. The Mind and Body of the Laborer conspire to render them. The most sagacious animal can never be trained to render one of them. They are wholly *human*. Nevertheless the muscular part in the rendering—motion and resistance to motion—is just what tools and machinery can be made to take the place of in large measure but never in whole measure, because tools may not be taught *to think*. It may seem sometimes as if machinery were about to take the place of human hands in some classes of Production; but it will be found in the ultimate issue, as it has been found in every stage of the process, that human hands and human minds in action are absolutely essential at every point of the Exchanges among men. Men are so made and Society is so organized, that they need increasingly for their comfort and progress the personal services of their fellow-men, and can render their own in exchange for these; and consequently, there never can fail (under freedom) a MARKET for Personal Services of the three kinds.

Having now seen as closely as possible what that is which is rendered in personal services, let us pass to the principles which determine their remuneration. That is, we will now inquire carefully into the Value of personal services. We have learned already, that Demand and Supply in their action and reaction upon each other determine in all cases the value of Commodities for the time being; and we shall find it to be equally the dictate of all reason, and the outcome of all experience, that Demand and Supply decide too in all cases on the value of all Services and all Credits then and there. Shall we look first at the considerations that issue in the Demand for personal services, and then at those other considerations that limit the Supply of them?

1. Demand is never the mere desire for anything, but desire coupled with the ability to pay for it at rates satisfactory to the present holder. The Demand for Services, therefore, is made by the prospective purchasers of them; and the purchasers, of course, are those who desire them and are willing to pay for them at current rates. It will be easiest and surest for us to study the Demand for Services in each of the three classes of them in succession.

(1) The Demand for Common Laborers has several points of difference from that for Skilled, and from that for Professional, Laborers. It is scarcely ever intense. It is mostly disconnected from large accumulations of Capital. The desire is usually for immediate gratification, without any other end in view. It is frequently for such a service, as, if a renderer may not be conveniently and cheaply found, one is inclined to do for himself. For instances: if the barber be not accessible and reasonable and tolerably skilful, a man will certainly shave himself, provided he have not yet attained the independence and the luxury of wearing a full beard; and the ordinary

housewife, if the cleanly and tractable domestic does not come into sight, will do her own work with casual assistance. It is this important fact, that common services among men and women in common life may in many cases be dispensed with altogether, and in many other cases substitutes be found for them, in connection with the other important fact, that common laborers learn their art quickly and easily, and consequently are present everywhere in large numbers, that makes the Wages of such laborers uniformly low. The Demand is moderate and the Supply is large.

(2) The Demand for Skilled Laborers is steadier and stronger than for Common, because in general the desire for these is not for immediate gratification, but for an ultimate satisfaction to arise from the commercial coöperation of these laborers with their employers, who are capitalists, in connection with accumulations of capital, the end in view being the production of commodities for sale at a profit. Here comes in a new motive on the part of capitalists to buy the personal services of laborers. The motive is simple and intelligible and commendable, but its nature and operation is popularly and grossly misapprehended.

Capital is the result of Abstinence from the present use of a Valuable in gratification, for the sake of a future increase of it through Production. But Abstinence is always irksome in itself. It must have its prospective reward in an increase, a profit, or it will never transform itself from a mere valuable into a capitalized product. Now, the owner of the valuable, having transformed it into capital from this motive, is under a commercial necessity to hire laborers, in order by their help to make his capital yield a profit. Capital lying idle decreases in *value* even, to say nothing of its yielding no increase to itself; and the motive of the capital-owner, accordingly, is strong

and constant to buy the services of laborers, to marry these services with his own capitalized products, and thus to produce commodities for sale, whose value shall be greater than the present value of the capital and the services combined. Here we reach in the minds and motives of a large class of men an ultimate Demand for laborers, and specially for skilled laborers, which is as true and constant to its legitimate end of Profit as the needle is true and constant to the pole.

At this point it is very evident, that, if the fair expectation of the capitalists be realized in a steady profit, and the larger the circle of capitalists and the more of capitalized products to each the better for all concerned, the Demand for laborers will become steady, and will be likely to steadily increase, because there will then be a constant motive on the part of all capitalists as such to put back a part or all of their yearly profits into capitalized products, and thus the Demand for laborers will become more intense, and the rates of Wages so far forth must be enhanced. The steady Demand for the services of the laborers hinges upon the steady Profits of the capitalists, and there is no antagonism between the interests of these two classes of buyers and sellers, but rather a complete identity of interest between them.

We are looking now solely at what constitutes the Demand for laborers of the second class. As always, so here, there is Desire first and then a ready Return-service. The Desire of employers of this class is for a Profit on their capital, and the return-service for the laborers is present as a part of these capitalized products. This part of the capital we call Wages-Portion. It is already in hand or provided to be in hand when the wages fall due. Of course it is expected, that the current wages will ultimately come out of the current joint-production of the

laborers upon the capitalized products set apart for that purpose by the capitalist. But if the profits fail to the capitalists at the end of that industrial-cycle, whether it be two months or twenty-four, then Desire will fail or be weakened to hire laborers for the next cycle, and the return-services or Wages-Portion with which to pay them for another cycle will be lessened of necessity. Both elements in Demand are curtailed by the falling-off of Profits. There is at the same instant less desire to buy services and less ability to pay for them. It is of the very nature of capitalized products to wear out in the process of production; if there be not net profits at the end of the cycle for the capitalists, it shall go hard but there will be less wages for the laborers during the next cycle. This is not a matter of sentiment or of philanthropy, but of eternal law, which God has ordained and the devices of men cannot frustrate. Capitalists and laborers are joint partners in the same concern. Under industrial and commercial freedom their interests are identical. Both are buyers and sellers to each other at the same instant; and, as always when both parties are alike benefited and satisfied with a trade, both will cheerfully and profitably continue the connection. The Demand of each class for the product of the other will continue unabated. Profits and wages reciprocally beget each other.

But still it is not altogether true, what has sometimes been stated by economists, that capitalists are under the same sort of pressure to buy their services as the laborers are to sell them. Capital is a Valuable already created by the mutual desires and efforts of two persons, and is now the exclusive property of one of them, and has also been set apart by him through an act of will to be thereafter an aid to some future production under the motive of a new value to accrue thereby. The capital has now become sec-

ondary to and separated from the person who owns it. He very seldom understands the real nature and operation of it. He commonly imparts to it in his imagination a more substantive and persistent existence than it actually possesses. He is frequently more or less stuck up as towards his neighbors and employees in consequence of his possession of it. The very fact that he has capitalized it for future operations shows that he is independent of it as a means of present livelihood. The personal services of the laborers, on the other hand, stand in very different relations to *them*. Their personal services may indeed be *valuable*, but they cannot be *capitalized*. As laborers they have nothing else to sell. Unless they sell their services now, these have no existence even, still less can they have any value. It is only by a mischievous figure of speech, that the skill of laborers is sometimes spoken of as their "Capital." Therefore, the laborers are under a certain remote yet inherent disadvantage as sellers of their personal services, when compared with the capitalists as buyers of them. This disadvantage, however, though apparent in the nature of things, and under certain circumstances disastrous to the laborers, may disappear practically under another and natural state of things; and it is every way to be desired by both classes alike that it should disappear in practice.

Whenever there is a broad and constant and profitable market for all the commodities the capitalists and the laborers can jointly produce, — that is to say, whenever profits are steady and remunerative and wages are high and growing in their purchasing-power, — the Demand for skilled laborers must always be such as puts the laborers on a footing of equality as over against the capitalists, because under such circumstances the purchasers of services are many and eager, two bosses will be likely to be

bidding for one skilled laborer, and then wages are always growing in dollars and each dollar growing in effective purchasing-power.

It is of the last importance in this connection to notice, that everything in Profits and Wages turns in the last resort upon the breadth and freedom of *MARKETS*. It is out of the return-service received from the *sale* of the commodities produced jointly by the capitalists and laborers, that both wages and profits must ultimately be paid. There is no other possible source of them. When the Market fails, everything fails that leads up to a market. Particularly fails the Demand for laborers for the next industrial cycle, and of course drops also the prospective wages for that cycle. The public folly and universal loss of shutting off foreign markets for our own commodities by lofty tariff-barriers, as has been conspicuously done by the United States for thirty years past, follows of course from this radical truth; and the Wages of laborers, instead of being lifted by tariff-taxes, as has been so often falsely and wickedly asserted, are inevitably *depressed* by them, because they effectually forbid to capitalists and laborers their best and freely chosen *markets* for the sale of their joint products.

Another vastly important matter, constantly affecting the Demand for laborers of the second class, is the Competency or otherwise of the practical managers of the Capital invested in industrial enterprises. Capital cannot manage itself. It is of itself wholly inert. It is always either a Commodity or a Credit. Conscious of their inability to handle wisely their own bits of Capital, or else taught it through a bitter experience, by far the larger number of individual owners of it loan it to others to manage; they invest it in some industrial corporation, in a bank or a mill or a railroad. Some one person, or at least



a small body of persons, must practically manage now all specific accumulations of capital. It is they in their capacity of manipulating-capitalists, who constitute in large measure the Demand for laborers. But such managers, who are at once skilful and long-headed and honest, do not grow upon a chance bush. They are rare. Most of them in this country at least have been those, who started in a small way in the control of their own earned or small-inherited properties, and rose through practice and knowledge and conscience to the ability to handle profitably to all concerned large masses of Capital. In the hands of such men, given a tolerable chance by public law and private circumstances, both Profits and Wages are sure to come in satisfactorily. They are Captains of Industry. They are an honor to human nature. They are a blessing to the whole community. They have no need and no will to ask to be bolstered up in their business by unjust taxes enforced upon a whole people.

Such men sometimes have sons or *protégés*, who possess similar capacities and similar integrity, and these by experience become able to carry on the business to similar successful issues. This is happy, but it is unusual. More commonly, in the second, and pretty certainly in the third, generation, the line of royal succession fails. There comes in a lieutenant rather than a captain of Industry. Likely enough he mistakes the nature of capital, and thinks that it will go along of itself without that eternal vigilance that is the one price of its maintenance and increase; likely enough he lacks the touch and rule of men, and his laborers become demoralized and refractory; more likely still he thinks he sees other operators around him getting quicker rich by speculating in enterprises outside the legitimate business, and takes some of his own and of what is not his own and throws it out of its proper chan-

nels; and, as the result of one or all of these, things soon go wrong, profits and wages fall off, poor work is done and finds slow sale, and Demand for laborers (which is their life-blood) slackens or goes out in that establishment. No wonder the Paper-makers in their annual gathering at Saratoga of 1889, resolved as the main outcome of their meeting, that they would bring up their sons (or somebody's sons) to succeed them in their business by a thorough practical training in the paper-mill itself, beginning early and continuing long. Industrial higher education in this or some other form is the secondary hope of manufacturing business in the United States, the primary hope being in a decent commercial liberty to buy their supplies and to sell their products in the best markets wherever these are to be found.

There is one other important item that bears directly upon the Demand for laborers of the second class, and consequently upon their Wages, namely, the constant introduction of more and better Machinery. At first blush it would seem, and it has often been stated so, that the use of machinery takes just so much work from human hands, reduces by so much the Demand for laborers, and tends to lessen by so much their wages. All this is the opposite of the truth; but before we explain *why* it is the opposite of the truth, let us attend carefully to the truth itself, as stated in 1889 by the highest living authority on these special points, Sir Edwin Chadwick, the octogenarian pioneer in sanitary and economic reforms. Fifty-six years ago Chadwick joined with his colleagues of the English Factory Inspection Board in recommending reduced hours of labor and other improvements which have now become general in England. In a paper recently read before the Political Economy Club, he calls attention to the greatly increased production which follows improved machinery and shortened hours.