ever the advantage which the added demand for tools or machinery may, in the immediate instance, give to the owners of existing capital, that advantage will steadily tend to decline. Thus, in the case supposed, the first equipment of the improved laborer for his new work, might cost $200, increasing the demand for capital to this extent, and thus raising somewhat the sum obtained in that community, that year, as interest. But the increase of production, might, as we have reasonably supposed, amount to even more than $200 annually; so that the supply of capital, relatively to the demand, might, after a single year, be greater than before; while the capability of accumulating capital during each succeeding year would be greatly enhanced.

CHAPTER VI.

WAGES.—CONTINUED.

THE CONDITIONS OF THE LABORING CLASS AS AFFECTED BY IMPERFECT COMPETITION.

337. The Economic Position of The Laboring Class.—In Chapter V. we set forth the relation of wages to the other shares of the product of industry, reaching the conclusion that, notwithstanding the formal attitude of the laboring class in industry, as hired by the entrepreneur class and working for stipulated wages, the normal operation of the laws of exchange is to make the former, in effect, the owners of the entire product, subject to the requirement of paying the definite sums charged against that product, on the three several accounts of rent, interest and profits.

338. What Will They do With it?—This position of the laboring class would seem to be a not ineligible one, conceding that the exigencies of modern production require the maintenance of the entrepreneur class.

We have seen what is the best the laboring class can, in theory, do for themselves, under the existing organization of

industry: what is the most they can claim for their services. Let us now inquire, what, in fact, this class do for themselves in this respect; and if they fall short of realizing their full share of the product of industry, to what causes the failure is to be attributed.

The laboring class may do themselves an economic injury in either or both of two ways: first, through excessive reproduction, sexually, leading to over-population, involving the necessity of cultivating poorer and poorer soils, with the result of continually diminishing *per capita* production; secondly, through a weak, spasmodic, or unintelligent competition with the employing class.

The consideration of the former of these causes will be postponed till we reach the department of Consumption. The latter will form the subject of the following paragraphs.

339. Imperfect Competition.—A total failure of competition is impossible. No class will be found so stolid and inert as to make no exertions whatever to change a worse for a better condition. The impulse to buy in the cheaper and to sell in the dearer market will, in some measure, actuate every body of laborers. Yet the degree in which that motive is effectual will be found to vary widely as between men of different climes, and of different races. Compare the New Englander with the East Indian. The former, inquisitive, alert, aggressive, almost destitute of attachment to locality, quick to change his avocation, if a profit shall appear, and so gifted with mechanical insight and aptitude as to acquire the rudiments of any art in an astonishingly short time; occupying a country where the transmission of intelligence is incessant, and where the transportation of passengers and freight reaches the maximum of ease, security and cheapness; enjoying the advantage of a wide margin of living, and with no inconsiderable savings laid by from the liberal earnings of former years, is not likely to remain long ignorant of opportunities for improving his industrial conditions, whether through change of place or avocation, or likely long to allow such opportunities to remain unimproved. We get a measure of this freedom of individual movement in the census statistics, by which it ap-

pears that in 1880 nine and a half millions of the native population were living in States other than those of their birth.

340. The Immobility of Labor.—On the other hand, the East Indian, bound in fetters of caste, of superstition, of ignorance and poverty, occupying a country vast portions of which are traversed only by bullock-paths, abides in his lot, in spite of wretchedness and famine, as though rooted in the soil itself.

But we have not to go as far away as India, to find instances of a high degree of immobility in the population, in the face of strong and urgent reasons for migration. A century ago Adam Smith wrote :

"Eighteen pence a day may be reckoned the common price of labor in London and its neighborhood. At a few miles' distance, it falls to fourteen and fifteen pence. Ten pence may be reckoned its price in Edinburgh and its neighborhood. At a few miles' distance it falls to eight pence, the usual price of common labor through the greater part of the low country of Scotland, where it varies a good deal less than in England. *Such a difference of prices, which it seems is not always sufficient to transport a man from one parish to another, would necessarily occasion so great a transportation of the most bulky commodities, not only from one point to another, but from one end of the kingdom, almost from one end of the world, to another, as would soon reduce them more nearly to a level.*" So great did the resistance to the flow of labor appear to his eye, that he declared man to be "of all sorts of luggage the most difficult to be transported."

341. It might be supposed that the increase during the century in the facilities for transportation and for the diffusion of information would have done much to remove the obstructions which, in Adam Smith's day, retarded the movement of labor to its market ; but the force of ignorance, fear and poverty is not so easily broken. Prof. Fawcett in his Political Economy writes : "During the winter months, an ordinary agricultural laborer in Yorkshire earns thirteen shillings a week ; the wages of a Wiltshire or Dorsetshire laborer, doing the same kind of work, and working a similar number

of hours, are only nine shillings a week. This great difference in wages is not counterbalanced by other considerations. Living is not more expensive in Yorkshire than in Dorsetshire, and the Dorsetshire laborer does not enjoy any particular advantages or privileges which are denied to the Yorkshire laborer."

Instances without number might be cited, showing the practical immobility of the agricultural population of England in the past ; and in this respect, England may be taken as fairly representing the actual world about which the economist reasons, being in the mean between the people of North America and Australia, on the one hand, and those of Asia, on the other.

342. Change of Occupation.—So much for the movement from place to place, which is needed to meet the requirements of industrial competition. Of the movement from one avocation to another, which may be required for the same end, an even less favorable account may be given. An American will find it difficult to conceive how slow and painful is the process by which an overcrowded avocation is depleted or a growing industry re-enforced, in any of the States of Europe.

In his last and greatest work Prof. Cairnes sought to reach a measure of the rate of this movement in England. His result was substantially this : that only loss by death or disability could be relied upon to relieve the labor market in any branch of industry which was overdone, and that the sole disposable fund for supplying new laborers to new or growing branches of industry was to be found in the body of persons each year coming of age, industrially speaking. It would be easy to show that the "play" thus given to the labor market is far within the limits of those great oscillations of industry which labor must meet, fully and promptly, or suffer because it can not meet them. Moreover, it is doubtful whether Prof. Cairnes does not overrate this disposable labor fund.

So far from the members of the rising generation being perfectly free to move into avocations other than those of their parents, mill-owners are harassed by applications from

their hands to take children into employment on almost any terms. The more miserable the parents' condition, the greater becomes the pressure on them to crowd their children somehow, somewhere, into service. Once in a mill, we know how little chance there is of the children afterwards taking up for themselves another way of life.

In the agricultural districts of England, gangs of children of all ages, from sixteen down to ten or even five years, were formerly organized and driven from farm to farm, and from parish to parish, to work all day under strange overseers, and to sleep at night in barns, huddled together without distinction of sex. The system of public agricultural gangs required an act of Parliament to break it up, and we have the testimony of the commission of 1867, that, in spite of the law, gangs were then still formed in some parts of the kingdom. So late as 1870, children were employed in the brickyards of England, under strange masters, at three and a half years of age. Account is given of a boy weighing 52 pounds, whose daily task covered fourteen miles; one-half of this with a load of clay weighing forty pounds, upon his head.

Such instances show graphically the error of supposing that parents who are tied down hopelessly to an occupation which affords but the barest subsistence, can freely dispose of their children to the best advantage, among a large class of occupations. Especially when we consider that, in the development of modern industry, trades become highly localized, shall we see the practical fallacy of this assumption. Even if we suppose the parent to be advised of better opportunities opening in some trade prosecuted at a distance, yet, years before the boy or girl will be fit to send away from home, the chance of earning a few pence in the mill where the parent works, will almost irresistibly draw the child into the vortex. The truth is, that *until you secure mobility to adult labor you will fail to find it in the rising generation*, and that among an ignorant and degraded population four-fifths, perhaps nine-tenths, of all children, by what may be called a moral necessity, follow the occupations of their parents, or those with whom fortune has placed them.

343. The Industrial Effects of a Failure of Competition.— If industrial movement may be thus tardy and limited, even among a people of Teutonic blood and enjoying free institutions, it becomes a matter of serious concern to inquire what are the effects of a partial failure of competition.

And, first, let us see just what it is that we look to competition, when active and complete, to accomplish.

We have defined competition to be the operation of individual self-interest among buyers and sellers. We saw that this implied that each man acts for himself, solely, by himself, solely, in order to get the most he can from others, and to give the least he must, himself.

Now, this may seem a very unamiable thing yet, rightly viewed, perfect competition would be seen to be the order of the economic universe, as truly as gravity is the order of the physical universe, and to be not less harmonious and beneficent in operation. If free and full, unqualified, unremitting competition could be secured, the results would be more honorable to human nature, as well as practically more advantageous, in the same degree, and for the same reason that absolute justice would be more advantageous and more honorable than partial justice patched up with charity.

344. The Economic Harmonies.— When we say that through competition one reaches his best market, does this mean that in that way he does best for himself alone? On the contrary, when one reaches his best market, he does not only that which is best for himself, but that which is best for others. He not only gets more than by resorting to any other market, but, in the very act of doing so, he gives more, also. If in that market his service or commodity bears a higher price than elsewhere, this is of itself a proof that his service or commodity is there in greater demand, more needed, the subject of an intenser want, than elsewhere. Consequently, were he to resort elsewhere, he would not only receive less himself, but would satisfy a lower want on the part of others, leaving a higher want unsatisfied.

345.—But the main office of competition is to preserve individuals and classes from destruction or industrial degradation,

through excessive burdens imposed by authority, through natural catastrophes affecting the sources of livelihood, or through the gradual decay of commercial demand. Deal the heaviest blow you can with a hammer into a bin of barley, and you will not injure a single grain, though the hammer be buried to your hand, because every grain moves freely from its place, and the mass simply opens to receive the intruding substance and closes around and above it. Lay one of the grains upon a rock, and your blow will smash it into a paste. Let the stoutest ship that ever rode out a hundred gales have her bow lodged in the sands, and the oncoming waves of the first storm will break her up in a few hours.

In the nature of the case, blows must fall, from time to time, upon every industrial community or class. Whether these be due to wars or failures of the harvest, or to conflagrations and floods, or to the shifting of commercial demand, or to vicious legislation, labor has an ample security against deep and permanent injury, so long as its mobility is unimpaired. On whatever spot the blow may fall, complete freedom of movement, from place to place and from avocation to avocation, will cause the original loss to be distributed over the industrial body, while the forces of repair and restoration will immediately set to work to make good what has been taken away.

346. To Him That Hath Shall be Given.—This tendency to the diffusion of all benefits to the equalization of all burdens, and to the repair of all local injuries at the expense of the vital powers of the whole industrial body, is properly the subject of admiring contemplation by social and ethical philosophers. Frederic Bastiat has, in words of deathless eloquence, described this play of industrial forces, under the title of The Economic Harmonies.

But the political economist who undertakes the explanation of the actual phenomena of the industrial world, is bound to note, not only that the assumption of full and free competition, which underlies this theory of the self-protecting power of labor, is wholly gratuitous, as applied to vast portions of the earth's population; but, also, that, when the mobility of

labor becomes in a high degree impaired, the reparative and restorative forces do not act at all. On the contrary, a new and antagonistic principle begins to operate, *viz.*, the principle that "To him that hath shall be given, and from him that hath not shall be taken away even the little that he seemeth to have."

Under the rule of this great economic as well as social law, industrial injuries once suffered tend to remain, and not to be removed. The wretch who has fallen is trampled on in the maddening struggle for place and pelf. In the case of the laborer thrown out of employment, for instance, there is always danger that self-respect, hopefulness and ambition, which we have seen (par. 76) to be most powerful factors in industrial efficiency, may fail among squalid surroundings. A less ample or nourishing diet, and less healthful conditions, submitted to for awhile, perhaps the contracting of distinctly bad habits through anxiety, disappointment and enforced idleness, may so lower his industrial power as to unfit him to render the same amount and quality of service as before. In such a case, not only is there no tendency in any economic force to repair the mischief that has been done, but even the occurrence of better times and new opportunities would not restore the shattered industrial manhood.

347. Economic Injuries Tend to Remain and to Deepen.—Irrespective of any thing catastrophic, the tendency of purely economic forces, under impaired competition, is continually to aggravate the disadvantages from which any person or class may suffer in the beginning. Defeat is an ill preparative for fresh conflicts. Every gain which one makes at the expense of another furnishes the sinews of war for further aggression; every loss suffered diminishes the capabilities of further resistance.

This principle applies with increasing force as we go downward in the industrial scale. Emphatically is it true, that the curse of the poor is their poverty. Cheated in quantity, quality and price, in whatever they purchase, they are unable to get even as much proportionally for their little as the rich for their larger means. The tendency of purely economic forces,

therefore, is to widen the differences existing in the constitution of industrial society, and to subject every person or class, who may, from any cause, be put at disadvantage, to a constantly increasing burden.

348. What may help the Laboring Class in Competition for the Product of Industry.—Granting that perfect competition would do all that has been claimed for the working classes, realizing the very ideal conditions under which they should work, but, at the same time, recognizing the fact that, in industrial society as now constituted, competition is very partial and incomplete, let us inquire what, if any thing, can be done to help the laboring classes in their competition for the product of industry.

The answer of the economists of the *laissez faire*, or Manchester school to this inquiry is a very easy one. Freedom being the ideal condition, and society suffering from lack of it, let us have all the freedom we can get, at this time, and thus prepare the way for more of it in the time to come. Let us abolish every thing in the way of restraint or regulation, every thing in the way of concert or combination in industry, which we can abolish, and trust to the future for doing away with those obstructions which are now beyond our reach.

349. Economics and Politics.—This answer is so easy as not unfairly to arouse some suspicion. Do we deal in this spirit with the question of progressive freedom in government? Does any right-thinking man, with his eyes open upon the experience of the last hundred years, allege that progress is best to be effected by indiscriminately throwing off restraints? Is it not admitted that discretion and order must be observed in removing political checks and balances and limitations? Are there not, in any well-organized society, restrictions which correspond to certain human infirmities, of which we can not now hope to rid the race, in such a way that the existence of the restrictions increases the actual degree of freedom* enjoyed by the community?

* "The modern English citizen, who lives under the burden of the revised edition of the statutes, not to speak of innumerable municipal, railroad, sanitary and other by-laws, is, after all, an infinitely freer, as well as nobler, creature, than the savage who is always under the despotism of physical want." Jevons—"The State in Relation to Labor."

350. The Burning Theater.—But if any reader distrusts an analogy drawn between economics and politics, let us take a case from real life, where all the elements can be easily and confidently grasped. Suppose a crowded audience to be seeking to escape from a theater which has taken fire. There might be time to allow the safe discharge of all in the house. If so, the individual interest of each person clearly would coincide with the interest of the audience viewed collectively, namely, that he should fall in precisely according to his position relative to the common place of exit, and should move just so fast and no faster, according to the rate of discharge from the building into the outer air. Yet, human nature being what it is, we know that there would be great danger of a furious rush for the door, which would lead to the serious retardation of the movement of the audience as a whole, and probably to many persons being trampled upon or burned.

Suppose, now, that, at the moment of alarm, a score of resolute policemen were to present themselves, what could they do? Clearly they could not cause the audience to be discharged more quickly, safely and harmoniously than would be the case did every person in the audience truly comprehend the situation and act coolly with reference to his own interest, as above stated. As compared, however, not with what the audience ought to do, but what they probably would do, the advent of the policemen would save many limbs and lives, perhaps avert a calamity that would have filled the world with horror. With discipline thus imposed upon men in such a situation, the procedure which would be for the interest of each and of all might go forward swiftly, surely and steadily, under authoritative direction. Discipline can, indeed, create no force, but it may save much waste.

351. Registration of Land.—But if any one is still disposed to distrust analogies drawn between things inside and things outside the sphere of economics, let us take the case of a regulation prescribing the registration of real estate and the

recording of all transfers and mortgages of land. Such a regulation would be restrictive upon transfers. Transfers would require to be made in writing and after a definite form; certain words must be used to make the instrument effective; a certain delay must be submitted to; an office, perhaps at a distance, must be visited; copies must be made; a fee given. Yet who does not know that a regulation of this character, though in name restrictive, would in fact not retard but immensely promote the transfer of real estate. For uncertainty it would substitute the highest assurance; for the risk of losing the whole principal, it would offer a clear and indefeasible title, which would repay, many times over, the petty fee and the trouble required. The slow and costly transfer of real estate in England, where no such system exists, in comparison with the cheap and easy transfer of the same species of property in the United States, affords a measure of the force of this cause.

352. Always a Practical Question.—Perhaps enough has been said to show that the question whether a certain act, ordinance or social arrangement retards or promotes the movement of labor to its market, is a practical question, not to be determined *à priori*, except in the case of extreme measures, but to be considered and decided with reference to the existing condition of industrial society and to the actual infirmities or liabilities of the laboring population to which it was intended to apply.* A crutch operates only by restraint, and to a man of sound limbs can be only a hindrance; but it is a restraint which corresponds to the infirmity of a cripple, and may be the only means of enabling him to walk, or even of keeping him from falling hopelessly to the ground.

In application of these remarks, a brief discussion of the influence of Trades Unions and Strikes upon wages and upon the condition of the laboring class, will be found in Part VI.

353. Wages and Public Opinion.—When the writer first

* "The outcome of the inquiry is that we can lay down no hard and fast rules, but must treat every case, in detail, upon its merits. Specific experience is our best guide, or even express experiment where possible." Jevons—"The State in Relation to Labor."

ventured, in 1874, to urge that respect for labor and sympathy with the laboring class might become a force in determining the market rate of wages, he was greeted with derision. He has reason to believe that in the intervening years the arguments then presented have worked their way toward a conviction of the public mind that the cause thus adduced is not an unreality, but one which actually operates with perceptible force within the field of economics.

Let it be observed that what is claimed is, not that compassion and sympathy will induce employers here and there to pay wages above the market rate, but that these sentiments may become a force in determining what the market rate shall be.

354. An Analogous Case.—And, in the first place, why this incredulity on the first suggestion of the subject? Is it not true that sentiments of personal kindness and of mutual respect between classes of the community have had a very important influence, in many countries (see pars. 266–76), in determining the rates at which land should be leased? If public opinion may be a very powerful, often a predominant, force in determining the rent of land, why should we not expect that it would have at least an appreciable force in determining wages?

355. The Reason of the Case.—But let us leave analogy, and turn to the reason of the individual case. How can the sentiments we have invoked become an economic force, and thus enter into the distribution of wealth between employer and employed?

Let us recall the principle, so often insisted on, that it is only as competition is perfect that the wages class have any security that they will receive the highest remuneration which the existing conditions of industry will permit. In the failure of competition, they may be pushed down, grade by grade, in the industrial as in the social scale. Let us recall, moreover, that the failure of competition may be due to moral as much as to physical causes; that if the workman from any cause does not pursue his interest, he loses his interest, whether he refrain from bodily fear, from poverty, from ignorance, from

timidity and dread of censure, or from the effects of bad political economy, which assures him that if he does not seek his interest his interest will seek him.

Now I ask, can it be doubtful that the respect and sympathy of the community must strengthen the wages class in this unceasing struggle; must give weight and force to all their reasonable demands; must make them more resolute and patient in resisting encroachment; must add to the confidence with which each individual laborer will rely on the good faith of those who are joined with him in his cause, and make it harder for any weak or doubtful comrade to succumb?

And, on the other hand, will not the consciousness that the whole community sympathize with the efforts of labor to advance its condition, by all fair means, inevitably weaken the resistance of the employing class * to claims which can be conceded, diminish the confidence with which each employer looks to his fellows to hold out to the end, and make it easier for the less resolute to retire from the contest, and grant, amid general applause, what has been demanded?

356. The Lamentable Case of Hodge.—Let us apply these principles to an individual case. Hodge thinks—Hodge is a plowman, and has been getting twelve shillings a week—that he ought to have more wages, or, rather, for Hodge would scarcely put it so abruptly, he feels that it is dreadfully hard to live on twelve shillings. He has attended a lecture delivered by Mr. Joseph Arch from a wagon on the green. He is uneasy and wants to improve his condition. So far, then, he is a hopeful subject, economically. The desire to improve one's condition is the *sine qua non* of competition. Will these stirrings of industrial ambition come to any thing? Will the discontented plowman seek and find his better market? † This is a great question, for upon the answer to it

* "Masters are always and everywhere in a sort of tacit, but constant and uniform, combination not to raise the wages of labor above their actual rate."—Adam Smith: "Wealth of Nations."

† In discussing his valuable agricultural statistics before the London Statistical Society, Mr. Fred. Purdy said: "It would appear that no commodity in this country presents so great a variation in price, at one time, as agricultural labor, taking the money wages of the men as the best exponent of its value. A laborer's wages in Dorset or Devon are barely half the sum given for similar services in the northern parts of England." Among the causes of this Mr. Purdy cites "the natural *vis inertiæ* of the class."

depends the future of Hodge, and perhaps of his sons and grandsons. Let the *Spectator* (August 4, 1872), tell how he is assisted on his way and encouraged in his weak, ignorant, doubting mind, by landlord, bishop, and judge.

"The man has been, so to speak, morally whipped for six months. He has found no friend anywhere, except in a press he can neither read nor understand. The duke has deprived him of his allotment; the bishop has recommended that his instructor should be ducked; the squire has threatened him with dismissal in winter; the magistrate has fined him for quitting work, which is just, and scolded him for listening to lectures, which is tyranny; the mayor at Evesham has prohibited him from meeting on the green; and the lawyer—witness a recent case near Chelmsford—has told him that any one who advises and helps him to emigrate is a hopeless rascal."

Now I ask, in all seriousness, is Hodge quite as likely to pursue his interest and persist in whatever that requires——which, be it observed, is no other than what the interest of the whole community requires—as if his social superiors were encouraging him to better his fortune if he finds a chance; as if the shopkeeper and the publican and the lawyer and the rector and the squire were not all ranged against him? Is it not possible that, for the lack of a little fanning, the feeble flame in Hodge's breast may die out, and he, giving up all thought of seeking his fortune elsewhere, return to his furrow, never to stray from it again?