

I do not myself apprehend that the system would trench, in any considerable degree, on the field of so-called commerce. The merchant, buying every day and selling every day, giving notes with one hand and taking them with the other, may fairly look to see his losses, through fluctuations in the purchase power of money, offset by his gains through the same source; or, in a worse result, he is in a position, by greater energy and economy, to make good his capital. It is essential, or at least highly important to the conduct of business, in the modern organization of industrial society, that the merchant or manufacturer shall be able to tell just where he stands, at any time; to strike an exact balance between assets and liabilities. But this would not be possible with the tabular standard. A note for 400 units, payable in September, might not offset a note for 400 units receivable in August or October. The difference might be small; it might also be large. It would thus be impracticable for the man of business to cast up, at a moment, the results of any given transaction, or ascertain precisely his own standing. By the very description of the system, every note given or taken would have to be liquidated.

Commerce will not tolerate any such obstruction; and the scheme, so far as this application is concerned, may be dismissed at once. Commerce will do the best it can with the use of money and of credit expressed in terms of money. Nothing is more characteristic of the commercial spirit than the disposition to take the evil with the good, roughly to strike the average of gain and loss, promptly to charge-off bad debts, always looking on towards the future, never regretting the past. This spirit leads, doubtless, into many errors, but it is the very life of commerce.

464. For what classes of contracts, then, might the multiple tender be advantageously employed?

Certainly the need of such a standard of deferred payments is most imperative in the case of those who are not in the way of repairing any losses they may suffer through fluctuations in the value of money; upon whom the full effects of depreciation fall directly and remain without relief. And

while the advantages of such safeguards upon the value of debts here rise to their maximum, the obstruction sinks here to a minimum. In permanent investments of property not the least inconvenience will be encountered by the scheme of a multiple tender, which might be extended to the cases of all who have definitively retired from active life, carrying away with them all they will ever have to support old age and provide for their children; to the cases of trustees and guardians, under a solemn responsibility in the care of estates, where loss is more to be dreaded than gain to be desired; to the cases of institutions whose funds are sequestered from the stock of active capital, for pious and charitable uses. The funds of savings banks might be put under the same safeguard, and government loans might also be issued in terms of the multiple tender.

## VII.

### TRADE UNIONS AND STRIKES.

465. Wholly a Practical Question.—It has been shown (pars. 348-56) under the title of Distribution, that the question, whether any law or institution does or does not promote the freedom of industrial movement enjoyed by the community, is a question not to be decided *a priori*. Consideration must be had of the actual effects of such a law or institution, comparison being made not between the state which will result therefrom and an ideal state of perfect economic mobility, but between the new condition and the condition which does exist or probably would exist without that law or institution.

Let us take the case of Trade Unions, so called, which undertake, through agreements among themselves and perhaps simultaneous strikes against their employers, to fix wages, regulate the hours of labor, and control many of the various details of industry. To the first suggestions of such associations, the economist promptly and properly objects that all combinations in the sphere of economics are opposed to competition. The objection is well taken, and it remains for the

advocate of trade unions to show sufficient cause for thus obstructing competition.

The economist further alleges that such associations are liable, are even likely, to fall under the control of demagogues, who will use their power to bully or harass employers, to make unreasonable demands, and to precipitate labor contests, in which the interests of all classes will be sacrificed to the self importance of a few managers. This point, again, is well taken. That liability, that likelihood, exists, and the advocate of trade unions is bound to show no small degree of practical benefit resulting from such associations, to offset the mischief they are almost certain to commit in the ways indicated.

466. On the other hand, the advocate of trade unions alleges that these associations, though in form opposed to competition, and though subject to many abuses, do yet, in certain states of industrial society, assist the laborers as a class to assert their interests in the distribution of the product of industry. This claim is not, on the face of it, unreasonable.

We have seen (pars. 343-5) that competition, perfect competition, affords the ideal condition for the distribution of wealth. But as we saw in the case of the audience in a theater that had taken fire, the action of men in concert and under discipline, while it can never be wiser than that of men acting coolly and intelligently for themselves, may be far wiser than the action of men stricken with panic and hurried into a senseless, furious rush. Respecting trade unions, the question is not, whether joint action is superior to the individual action of persons enlightened as to their industrial interests, but whether joint action may not be better than the tumultuous action of a mass, each pursuing his individual interest with more or less of ignorance, fear and passion.

Now, with a body of employers, few, rich and powerful, having a friendly understanding among themselves and acting aggressively for the reduction of wages or the extension of the hours of work, and, on the other side, a body of laborers, numerous, ignorant, poor, mutually distrustful, while each feels under a terrible necessity to secure employment, who shall say that such a body of laborers might not be better able

to resist the destructive pressure from the employing body, if organized and disciplined, with a common purse and with mutual obligations enforced by the public opinion of their class?

I said, destructive pressure, for we saw that the pressure of competition, if it be unequal, may lead to the degradation of the laboring class (pars. 345-7), just as the waves over which and through which a ship rides unharmed, when herself free to move, become crushing and destructive, let once the ship's bow be jammed between rocks or lodged in the sands.

467. II. Strikes.—The question of the economic influence of strikes is a distinct question. There have been trades unions which seldom or never resorted to strikes. Some of the greatest strikes have occurred without the agency of organized trade unions. For myself I entertain no doubt that the early strikes in England, which followed the repeal, in 1824, of the Combination acts, were essential to the breaking up of the power of custom and fear over the minds of the working classes of the Kingdom. For centuries it had been a crime, by statute, for workmen to combine to raise wages or shorten the hours of labor, while masters were left perfectly free to combine to lower wages or lengthen the hours of labor. The beginning of the century found the laboring classes of England almost destitute of political franchises, unaccustomed to discussion and the free communication of thought, tax-ridden, poverty-stricken, illiterate. What else than the series of fierce revolts, the rebellions of down-trodden labor, which followed Huskisson's act of 1824, could, in an equal period of time, or, indeed, at smaller cost, have taught the employers of England to respect their laborers, and have taught the laborers of England to respect themselves; could have made the latter equally confident and self-reliant in pressing home a just demand, or made the former equally solicitous to refuse no demand that could reasonably be conceded?

For, be it remarked, perfect competition, which affords the only absolute security possible for equitable and beneficial distribution, requires that each and every man for himself shall unremittingly seek and unfailingly find his best market. If

for any reason, whether from physical obstruction or legal inhibition, or from his own poverty or weakness of will or ignorance, or through distrust of his fellows or a habit of submission to his employer or his social superiors, any man fails, in fact, to reject the lower price and to seize the higher price, the rule of competition is violated; all immunity from deep and permanent economic injury is lost; the man may be crushed in his spirit, in his health, in his habits of life, and may thus sink finally and hopelessly to a lower industrial grade. The history of mankind is full of examples of large populations broken down by a competition to which they were unequal, until they have become pauperized, brutalized and diseased beyond the power of any purely economic causes to raise them upwards and restore them to industrial manhood.

**468. Strikes are the Insurrections of Labor.**—In claiming that strikes may, in certain states of industrial society, in their ultimate effect really aid the laboring classes, let me not be misunderstood. To strikes I assign the same function in industry which insurrections have performed in the sphere of politics. Had it not been for the constant imminence of insurrection, England would not through several centuries have made any progress towards freedom, or even have maintained its inherited liberties.

Strikes are the insurrections of labor. They are, wholly, a destructive agency. They have no creative power, no healing virtue. Yet, as insurrections have played a most important part in the political elevation of downtrodden people, through the fear they have engendered in the minds of oppressors, or through the demolition of out-worn institutions which have become first senseless and then pernicious, so strikes may exert a most powerful and salutary influence in breaking up a crust of custom which has formed over the remuneration of a body of laborers, or in breaking through combinations of employers\* to withstand a legitimate advance of wages.

\* "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*.

Doubtless even more important than the specific objects realized by strikes, has been the permanent impression produced upon the minds and the temper of both employers and employed. The men have acquired confidence in themselves and trust in each other; the masters have been taught respect for their men, and a reasonable fear of them.

Nothing quickens the sense of justice and equity like the consciousness that unjust and inequitable demands or acts are likely to be promptly resented and strenuously resisted. Nothing is so potent to clarify the judgment and sober the temper, in questions of right or wrong, as to know that a mistake will lead to a hard and a long fight.

**469. What is the Failure of a Strike?**—Nor must it be thought that because strikes often, perhaps we might say commonly, fail of their immediate object, they are, therefore, nugatory. Many an insurrection has been put down speedily, perhaps with great slaughter, which has been followed by remission of taxes, by redress of grievances, by extension of charters and franchises. It may be considered doubtful whether the successful or the unsuccessful insurrections of England have done more to advance English liberties. Of the rising of the peasantry against Richard II., which was suppressed in a few days, Prof. Thorold Rogers says: "The rebellion was put down, but the demands of the villains\* were silently and effectually accorded. As they were masters for a week of the position, the dread of another servile war promoted the liberty of the serf." Even an unsuccessful strike may make employers more moderate, considerate and conciliatory, as they recall the anxieties, the struggles and the sacrifices of the conflict.

**470. Better than Strikes.**—Yet, as insurrections mark off the first stages of the movement towards political freedom, so strikes belong to the first stages of the elevation of masses of labor, long abused and deeply debased. Happy is that people, and proud may they be, who can enlarge their franchises and perfect their political forms without bloodshed or the

\* Persons holding land by a servile tenure.

threat of violence, the long debate of reason resulting in the glad consent of all. In like manner, no body of laborers can get for themselves by extreme measures so much of honor and of profit as they will when, through cultivating moderation, good temper and the spirit of equity, they attain the capability of conducting their probably unavoidable disputes with the employing class to a successful conclusion without recourse to the brutal and destructive agency of strikes. With political rights such as are enjoyed by all classes in the United States, with universal education, free land, the quick communication of ideas, the cheap transportation of persons and effects, the abundant opportunities offered for accumulating and investing savings, it is a shame to us, as a people, that we have not yet made for ourselves a better way out of our industrial disputes.

**471. III. Factory Acts.**—We should apply the same tests to any existing or projected legislation intended for the relief of the laboring classes, such as acts restricting the hours of labor, providing for the safety of operatives against accidents from machinery, directing the sanitary inspection of workshops and factories, prohibiting the employment of children of tender age or of women underground, or in work unsuited to their sex, or immediately before or after confinement. The one question in regard to each such measure is not whether its intention is philanthropic or otherwise; not even whether it does or does not, in form, violate the principle of competition; but whether it does, in effect,\* and in the large, the long, result, leave the laboring classes better off or worse off, as to the ability and disposition to seek and to find their best market; whether, in fact, in the condition of industrial society then and there existing, it promotes or retards competition.

The beginning of the present century found children of

\* "In discussing these matters, we need, above all things, discrimination. One hundred modes of government interference might be mentioned of which fifty might be very desirable and fifty condemnable. In each case, as I contend, we must look to the peculiar aim, purpose, means and circumstances of the case."—*Prof. Jevons: The State in Relation to Labor.*

five, and even of three years of age, in England, working in factories and brick-yards; women working underground in mines, harnessed with mules to carts, drawing heavy loads; found the hours of labor whatever the avarice of individual mill-owners might exact, were it thirteen, or fourteen or fifteen; found no guards about machinery to protect life and limb; found the air of the factory fouler than language could describe, even could human ears bear to hear the story.

**472. English Factory Legislation.**—The factory legislation of England, the necessity and economic justification of which the Duke of Argyll has called (par. 248) one of the great discoveries of the century in the science of government, began in 1802, with an act which limited the hours of labor in woolen and cotton mills to twelve, exclusive of meal times, imposed many sanitary regulations upon the working and sleeping rooms of operatives, required the instruction of children during the first four years of apprenticeship, and provided an official inspection of establishments for the due execution of the law. Further legislation was had in 1816 and 1831; while in 1833 was passed the important act known as 3d and 4th William IV. (ch. 103), which forbade night work in the case of all persons under eighteen years, and limited the labor of such persons to twelve hours, inclusive of an hour and a half for meals; prohibited the employment of children under nine years of age—while, between the ages of nine and thirteen, the hours of labor were reduced to eight; prescribed a certain number of half-holidays, and required medical certificates of health on the admission of children to factories. Numerous acts have enlarged the scope of these provisions and extended them to other classes of workshops and factories; while, with the good faith and thoroughness characteristic of English administration of law, a rigid and relentless inspection compels a punctilious compliance with these provisions in every workshop and factory of the kingdom. The principle of the English Factory acts has been slowly extended over the greater part of Europe.

**473. Economists Oppose Factory Legislation.**—Unfortunately for political economy, its professors in the Universities,

in Parliament, and in the press, generally ranged themselves in opposition to this legislation. Acting upon a series of arbitrary assumptions which fell far short of the facts of human nature, the English economists insisted upon attributing to the individual initiative of the laborer, however miserable and blind and weak, however overborne by circumstances and bound to his place and work by poverty, ignorance and inertia, all that economic virtue which belongs to the individual initiative of the laborer when fully alive to his own interest, alert in seeking the highest price for his services or commodities, and able to move freely to his best market without hindrance from any source, whether within or without himself. They asserted that labor was fully competent to protect itself against abuses, if left free by law. They asserted that all restrictions upon industry are obstructive, failing to see that while restriction and regulation are obstructive as against an imagined condition of perfect practical freedom, these may actually increase the ease and readiness of movement in a state where obstructions exist on every hand. They argued that to limit the power of the operative to sell his labor must, in the end, diminish the price he will get for it, not seeing that, just as a crutch, while it is only a hindrance and a burden to a sound man, may keep a cripple from falling to the ground, and may even enable him slowly and feebly to walk, so a restriction upon contracts for labor may correspond to an infirmity of the laboring classes under certain moral and physical conditions, in such a way as to give them a greater freedom of movement than they would have without it.

I said that it was unfortunate for political economy that the professional economists of England opposed the factory acts. This had the effect to set both men of affairs and the masses of the people against political economy. The latter were alienated by what they deemed either indifference to human suffering or subserviency to the interests of capital. The former saw how far wrong the pursuit of this so-called science could carry intelligent men, on a practical question. To them this seemed to justify the contempt so generally entertained by men of affairs for "theorists." The cause of the trouble was

not that the economists were theorists, but that they were bad theorists. Their theories did not cover the facts of the case they had undertaken to deal with. The economic men\* they had created for the purposes of their reasoning were no more like Englishmen than were the Houyhnhnms of Jonathan Swift.

That legislation prohibiting factory labor in excess of what is compatible with health and strength, having due respect to conditions of age and sex, requiring the observance of sanitary principles, and protecting working people against abuses as to the time and form of paying wages\* may be practically beneficial in a high degree, has long passed beyond controversy among the statesmen of nearly all civilized countries. If political economy objects to such legislation, so much the worse, as I said before, for political economy. But I hope there has been shown sufficient reason for holding that no such opposition of principle exists; and that both the largest production and the most equitable distribution of wealth may be subserved by legal regulations wisely conceived to meet the grave and perhaps incurable infirmities of manufacturing populations.

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\* See par. 21.

† A long series of parliamentary battles have been fought over the question of Truck, that is, the payment of wages in commodities instead of the money of the realm. By the act of 1833, this practice (except in the form of giving "board" as a part of wages) was prohibited in respect to mining and manufacturing industry generally.