

## VIII.

## THE KNIGHTS OF LABOR.

474. *Their Relations to Trade Unions.*—The public mind of England and, though in a less degree, of America, has become accustomed to the idea of the organization of bodies of laborers, for mutual support and for the promotion of their common interests. Beginning fifty or sixty years ago, the modern trade union has worked its way, against a deep prejudice on the part of employers and of economists, alike, to very general acceptance. I believe it to be true that the best publicists and the most judicious men of business in England concede that the trade unions of the kingdom, whatever errors may have been committed in the course of their development, now fully justify themselves by their acts. In the United States, I have, within the past year or two, been assured by three prominent railroad presidents that they would greatly prefer dealing with the locomotive engineers as members of their brotherhood, to dealing with them individually; and that they believed the influence of this organization to be, over the whole country, good. Generally speaking, however, employers among us are less fully reconciled to the existence and activity of trade unions than are employers in England, probably because trade unions, with us, are in a stage which in England was passed almost a generation ago; perhaps, also, because such associations are less needed here than there.

Within the past three or four years, a new development in the organization of the laboring class has taken place in the United States, in the form of a general confederation of trade unions, re-enforced by large numbers of persons not attached to any union, under the title, Knights of Labor. The essential object of the new confederation is to bring to bear upon employers, either in strikes or during those discussions, regarding hours of work, rates of wages, etc., which might be expected to result in strikes, a pressure more severe, more unrelenting,

more far-reaching, than any isolated body of laborers or even the most formidable trade unions could hope to produce and maintain. By drawing the whole laboring class\* of the country into one mighty confederation, whose trade districts and assembly districts, while they provide for the local needs, or the characteristic trade requirements, of their several constituencies, shall yet be subject to the legislation of a general labor congress and to the executive authority of a supreme council, it is intended to inaugurate a new era in the so-called "conflict of labor and capital."

In principle, this organization does not differ from the smallest trade union. The distinction between the two is one purely of degree. In practical effect, however, the Knights of Labor, if they shall accomplish as much as one-half their declared purposes, will produce a veritable revolution in industry: a change, no longer of degree, but of kind.

The difference is just here. Up to this time the labor organizations, the trade unions, have, on the whole, not done more than offset the great economic advantage which the employers of labor enjoy in the increasing struggle over the product of industry. When I say the labor organizations have not done more than this, I do not overlook the fact that they have, at times, done a great deal which was aside from this; have wrought much mischief, in bad blood or under the guidance of demagogues, through acts which were reprehended not less by their own wiser members than by the general sense of the community. What I mean to say is, that, irrespective of such sporadic acts of folly, the power given to the working classes by their organizations, added to the power which those classes would have wielded, if unorganized, has not been more than enough to secure the full, attentive and respectful consideration of their interests and claims. It has not been enough, speaking broadly, to overbear the master's rightful authority,

\* In fact, the Knights of Labor, at their maximum, included about ten per cent. of the laboring population, agricultural or mechanical. Within the large factory industries, however, the proportion was very much greater, the "Knights" having almost complete control of many trades.



to interfere with his necessary control of his business, to render it unsafe for him to undertake contracts, much less to transfer the initiative in production from him to his workmen.

**475. The Laborer must look out for his own Interest.**—The reader who has carefully followed the course of discussion in this treatise will not have failed to apprehend the opinion of the writer, not only that an active and even eager pursuit of their own interests by the working classes is a condition of their realizing the utmost economic good that might be brought to them, but that it is, not less, for the interest, the particular, selfish interest of the employing class themselves, that they should have to do with men who are acute and alert in searching out opportunities for the improvement of their own condition, with men who are bold and persistent in following up every possible advantage. I believe that the industrial republic has as little need as has the political republic, of citizens who have no opinions for themselves as to their rights and interests, but thankfully receive whatever, in the time and place, may be offered them. I believe it is eminently for the prosperity and growth of the community that each and every member, whatever his place in the industrial order, should strongly desire to improve his condition, and should seek to do so by all means which are compatible with industrial peace. I have even, under a preceding title (*Strikes*), expressed the opinion that, on rare occasions and for manifestly good reasons, industrial warfare itself may result in the better adjustment of economic relations.

**476. The Balance of Power between Employers and Employed.**—The accomplishment of the avowed purposes of the Knights of Labor, however, would lead to the complete subjugation and subjection of the employing class, a result, which, in my view, would be fraught with the most mischievous consequences. Up to this time the trade unions have, in general, brought to bear a sufficient pressure to make employers carefully considerate of the wishes and interests of their laborers, anxious to avoid all causes of offense, willing to concede whatever they possibly can. This is as it should be.

No good comes from the exercise of unchecked and irresponsible power in industry, any more than in government.

On the other hand, the trade unions, up to this time, while they have been able to make themselves heard and considered, while they have had all the power necessary to cause the employer to be desirous and even anxious to concede every reasonable demand, have yet, in the main, shown a sense of responsibility for the fairness and reasonableness of their demands. They have known at the outset, or have learned as the result of unsuccessful contests, that there is a limit to their power; that, in making excessive and exorbitant claims, they are likely to be beaten; and that every defeat on such an issue weakens themselves and strengthens their antagonists for any future contest. In a word, while, under the conditions which subsisted until within the last three or four years, many employers were, by force of temperament, unreasonably arbitrary, and large bodies of laborers were, on their side, often unreasonably exacting, something approaching an equilibrium had been reached between the powers of the two parties, securing industrial peace to as great a degree as might fairly be expected under the rightful and desirable ambition and self-assertion, the fortunately growing ambition and self-assertion, of the working classes.

**477. The Subjugation of the Employer.**—On the other hand, such a confederation of labor as is now proposed and attempted would utterly destroy the balance of industrial power, leaving the employer only the choice between conceding any and all demands, however unreasonable, or ceasing to produce. And this object is distinctly avowed by the leaders in this movement, some of whom have carried their scheme out to its full logical consequences, declaring it to be their purpose to bring about a state of things, in which, while the employer shall still occupy his formal attitude in production, he shall be, in effect, only the paid, doubtless the well-paid, agent of what they are pleased to call "the productive classes." The employer is still to remain the superintendent of the industrial operations; he is still to risk his own capital and the borrowed capital for which he has made himself



responsible; he is still to exert his technical, administrative and financial skill in the conduct of the business over which he is placed; he is still to exercise authority, so far as permitted, over the *personnel* of the works or factory. But the real initiative in production is to rest, not with him, but with the council or committee or executive officer, not, indeed, of his own laborers, but of those of the whole country; he is to engage no one and to discharge no one, without consent; others are to decide for him all questions relating to the quality of work or the conduct of his workmen; the hours and general conditions of labor, the rates of wages and the times and modes of payment, are to be determined by the general parliament of labor or under its authority.

Beyond this, I do not understand that it is the present purpose of the promoters of this movement to go. For example, if I rightly understand the matter, the employer, having produced goods under the conditions recited, will be left free to dispose of them at his pleasure, selling them to whom he will, at such prices and on such terms of payment as he choose, unless, indeed, that be prevented by some "boycott," \* placed upon some person or class of persons, or upon some kind of goods, or upon the product of certain machines, under authority of the parliament of labor or of its executive officers, for some industrial, political, social or personal reason.

**478. Difficulties Attendant on the Scheme.**—Of course, no "long headed" man, and there are many such among the promoters of this movement, expects that any one of the present employers of labor will find the conditions thus imposed agreeable, or will submit to them if he has any choice, short of leaving business. They anticipate that many employers will refuse to submit to such conditions and will relinquish production,

\* The designation of this new weapon of industrial and social warfare is derived from an Irish gentleman, one Captain Boycott, against whom it was, a few years ago, so conspicuously employed by his hostile tenants as to cause his name to be permanently affixed thereto. To boycott is simply to place under a ban. No person who respects the authority which lays the boycott will deal with a person thus placed under the ban, or with any person who does deal with him.

perhaps with consequences immediately injurious to their laborers and to the community. They anticipate that others will resist violently, throwing their whole energies and fortunes into the contest, fighting with fury, as if for life, and only ceasing their struggles when bound hand and foot. But they expect that still others will submit, more or less unwillingly, to the terms imposed upon them, and will consent to carry on business under the new *régime*. The next generation of employers they look to see made up of men bred and trained under the new conditions, men who, born into such a state of things, and not knowing any other, except historically, as belonging to a bad past age, when the rights of labor were not respected, will accept the situation as cheerfully as the Frenchman of to-day accepts the great Revolution. Such men, it is believed, will be both glad and proud to wield the limited, delegated powers then pertaining to the position of the employer of labor; and will, in good faith and good feeling, execute the laws and decrees of the parliament of labor or of its supreme or local council or of any committee thereto authorized.

Probably, also, none of the more clear sighted of the promoters of this movement anticipate that the legislation of their congress or the decrees of their standing councils or the acts of their executive officers will, at first or for a long time, be free from much that is visionary and impractical, or even from the influence of personal piques, jealousies and animosities. They doubtless anticipate that much that is futile will be attempted, and that much that is mischievous will be accomplished. No intelligent person could possibly believe that such tremendous and far-reaching powers could be placed, all at once, in the hands of a few men without grave abuses being generated; or that a machine so gigantic could be set up and put to working without much jarring and friction, and an occasional accident, even if a permanent breaking-down be avoided.

The men who are concerned in this movement are shrewd enough to see that the sense of the entire helplessness of the employing class must inevitably affect, and affect profoundly, the judgment and the will of the soundest, wisest, and most fair-minded representatives whom the body of laborers



could select, rendering them less sound, less wise and less fair-minded than they would be in dealing with a body of employers who were not helpless, but had the power to resist and to strike back, if crowded too far. These men, also, are shrewd enough to see that there is great likelihood that the sense of the helplessness of the employing class will so operate, at least in the first instance, upon the minds of the body of laborers as to cause them to select, as their representatives, not the soundest, wisest and most fair-minded of their class, but those who are extreme, arbitrary and arrogant in character and in manners, and who will fast become more and more so, through the exercise of such tremendous powers.

All this, any clear-minded person must see, on the first contemplation of such a scheme; all this, doubtless, the leaders of the Knights of Labor fully realize; but were these probabilities presented as an objection to that scheme, they would answer, that the education of the mass of laborers, to use, without abuse, such and so great industrial powers, is, in their belief, practicable, in time, in such time as would be taken for accomplishing any other great moral and intellectual advance; and that such an education and training of the mass of laborers would itself be a social and political gain, far transcending in value even the industrial blessings which the most sanguine could look for from the fullest success of the proposed scheme of democracy in industry.

**479. Another View of the Knights of Labor.**—I have sought to state, fully and fairly, what I understand to be the purpose of the leading promoters of the organization known as the Knights of Labor. Probably many, even among the leaders in this movement, probably most of the members of the organization, regard it as an effort to give encouragement and moral support to the constituent trade unions and to bodies of labor heretofore isolated; as a means of stimulating the self-respect and self-assertion of the laboring class, of promoting their mutual acquaintance, of strengthening the feeling of a common interest among them, rather than as a serious attempt to reverse the relations heretofore subsisting between employer and employed and to transfer the initiative

in production and the control of industry from the former to the latter class. In this narrower sphere, it is conceivable that an organization like the Knights of Labor might become a great educational force; a useful agency for directing the efforts of its members toward the improvement of their condition; a source of much inspiration, through the deliberations and debates of earnest men, representing the better sense and higher purposes of vast bodies of laborers, in the main, right-minded, honest and patriotic. Indeed, it is not improbable that, should the confederation relinquish its larger designs, it will assume this less ambitious but more useful function. How fully and how long it would, in such a capacity, be supported by the efforts and contributions of its present members, we need not consider.

**480. Can Profits be Confiscated?**—Reverting to the larger scheme, openly avowed and vigorously advocated, of those who would make the Knights of Labor all that has been described, let us ask, how far the object aimed at is desirable; how far it is, in itself, practicable; how far such an organization is suited to accomplish that object.

In the first place, can one be mistaken in deeming it the main object of this industrial enterprise to secure to the laboring class the benefit of a part, perhaps the greater part, of the profits now realized by the body of employers, which the laborers regard as excessive? If this be, indeed, the main object of the association, the aim is, if I have rightly indicated the origin and measure of business profits, a mistaken one. Profits are not obtained by deduction from wages; they are purely the creation of the employers themselves. The mass of profits represents the wealth produced by able, skillful, resolute and far-seeing men of business, over and above that which is produced, with the same amount of labor power and capital power, by employers who fail in one or more of the qualities necessary to success.

If this view of the source of the employer's gains be just, it is not possible to wrest profits to the benefit of the body of laborers. The employers may, indeed, be prevented from realizing them, by strikes and industrial disturbances;



but no part of the profits which they would otherwise have made, will, for that reason, go to any other class in the community. On the contrary, the community as a whole, and the working classes in especial, will be worse off for the impairment or destruction of *the employer's interest in production, i. e., his profits.*

Are there, then, no means by which the working class can operate, at once to reduce the amount going to the employing class as profits, and in the same degree to enhance their own wages? I answer, yes: there are such means. These have been pointed out in paragraphs 310 to 314. In just so far as the laboring classes, by their influence upon legislation or administration, or by their own direct action, contribute towards elevating the standard of the employing class, thus raising the lower limit of production in this respect, in just so far will they increase, not only the relative share, but the positive amount, coming to them in wages. It does not need to be said that treating employers as public enemies, levying industrial warfare upon them, concerting schemes to harass them and take them at every accidental disadvantage, rendering it unsafe for them to undertake contracts on a large scale and over long periods of time, and subjecting them to insults and indignities, as so many labor leaders seem to think it a matter of class duty to do, is not a way to effect the desired result. Such courses must not only reduce the *average* standard of business ability, by driving out the ablest men, but must introduce into the employment of labor whole classes of persons of lower and still lower grades of efficiency, to the great and lasting injury of the community and of the working classes, first of all, last of all, most of all.

**481. Will the Machine Work?**—So much for what I understand to be the main object of this industrial movement. A few words only will be needed regarding the suitability of the agencies to be employed.

One might cherish grave doubts regarding the practicability of breeding a race of conductors of business, who, possessing energy, intelligence, forethought and resolution, will rather like to execute the legislation of a parliament of labor; will

cheerfully accept the condition of being ordered about by a committee of their own hands, or of a local council; will be unhesitatingly ready to embark capital in enterprises over which they have practically no control. One might entertain grave doubts as to the capability of the working classes, after any course of education, however long, painful and costly, maintaining a parliament of labor which shall be competent to deal with concerns a hundred times as large, important and difficult as those which come before the American Congress, without making a mess of it, compared with which the muddle into which Congress manages to get our industry and finances would be clearness and order and system and light. But it is probably not necessary to go so far into the matter as to inquire what might come to pass should the Knights of Labor pursue their designs through a considerable period of time. It is in the highest degree improbable that the organization itself could maintain activity long on such a scale as has been projected.

The very vastness of the scheme foredooms it to failure. The attempt to embrace so much under a single rule; to legislate in detail for so many conflicting interests; to regulate, from a central point, conditions of life and labor so widely diverse as those of city and of country, of east and of west, of agriculturist and of artisan, of common and of skilled labor, of the producer of materials and of him who uses those materials in the production of still higher classes of commodities, must result in failure. The restiveness shown by many trade unions, the open revolt of some, the early establishment of a rival Confederation, already intimate the essential weakness of the scheme, at least if it is to be administered in the masterful spirit of the last two years.

**482. Is the Scheme "American"?**—Nor do I believe that, if it were left to the suffrage of the laboring classes in America themselves, one in twenty of those who were born upon the soil would vote to bring about such a subjection of the employing class to the will of their workmen or to a general parliament of labor. The American well knows that there is neither hardship nor indignity in working for another man, in his



shop, at his task, with his tools, on his terms. He knows that industry, to be successfully conducted, must be controlled by its responsible head. He sees all around him men who have risen from the ranks of labor to become the conductors of business, no one hindering them, all applauding their efforts and rejoicing in their success. He knows that for himself and his children the way is open clear up to the top. The American workingman can be reasoned with, and that not on a low plane only; he is capable of understanding and appreciating almost any consideration relating to the market; his spirit is that of civility, reciprocity and fair play; he cordially and intelligently accepts, in its full economic bearings, the maxim, "live and let live." Had it been left to our native population alone, not one of those violent and reckless attacks upon production and transportation, which have, within the past two or three years, shocked the whole industrial system and have come near to produce a general crisis of trade, would ever have taken place.

## IX.

## ATTACKS ON THE DOCTRINE OF RENT.

483. Bastiat.—A doctrine of such far-reaching consequences as Ricardo's doctrine of Rent has not been allowed to stand without suffering many and vehement assaults. The French Bastiat has, in his eloquent and witty work, "The Harmonies of Political Economy," undertaken to demonstrate that Rent, proper, economic rent, does not exist; that it is purely a fiction jointly maintained by the economists and the communists;\* that all which the landlord receives for the use of his land is nothing but the proper remuneration for the labor and capital expended in inclosing the land, providing means of access, draining, manuring and otherwise improving the soil, erecting buildings for sheltering the produce, housing the laborers, etc. Inasmuch as Bastiat's objections to Ricardo's doctrine were far

\* In stigmatizing this doctrine he continually joins together the names of "Ricardo and Proudhon."

more strongly and clearly stated by the late Mr. Henry C. Carey, of Philadelphia, I pass at once to the consideration of the views of the latter.

484. Carey.—Mr. Carey's attack is twofold. His first argument is founded on a "comparison of the cost and value of existing landed capital." To use his own phraseology, "*There is not throughout the United States, a county, township, town, or city, that would sell for cost; or one whose rents are equal to the interest upon the labor and capital expended.*"\* And Mr. Carey draws what he regards as the logical inference from this alleged fact: "If we show that the land heretofore appropriated is not only not worth as much labor as it has cost to produce it in its present condition, but that it could not be reproduced by the labor that its present value would purchase, it will be obvious to the reader that its whole value is due to that which has been applied to its improvement."†

Now, it appears to me ‡ not only that this is not "obvious," but that something very like an Irish bull is to be found here. The trouble with this argument is its superabundance of proof. The effect is much the same as that which results from a superabundance of powder in charging a gun.

Had Mr. Carey been able to show that, in any case taken, a county, township, town, or city was worth exactly as much in labor as it had cost, the coincidence of amounts would at least have suggested, if it did not create a proper presumption to that effect, that the labor expended was the cause of the value existing; but when Ricardo's critic asserts that any farm and any collection of farms, has cost more, often far more, than it is worth, he furnishes the means for his own refutation.

Suppose the present value of a piece of land to be represented by 100 units, while the value of the labor it has cost to "produce" the farms found thereon, is represented by 125. Now, says Mr. Carey, inasmuch as the land is not at present worth more than 100, while the labor invested in it was worth

\* Carey: *The Past, Present and Future*, p. 60.

† Carey: *Political Economy*, vol. I., p. 102.

‡ This discussion of Mr. Carey's propositions is abridged from my work, "Land and Its Rent," published in 1883.