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A  
LIVING WAGE.

BY  
M. OLDROYD, M.P.

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PRICE ONE PENNY.

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MCCORQUODALE & CO. LIMITED, LEEDS,  
AND  
CARDINGTON STREET, EUSTON SQUARE, LONDON.

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GENERAL

*Book*



## INTRODUCTION.

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IN the summer of this year (1894) I was asked by the Committee of the Educational Department of the Dewsbury Pioneers Industrial Society to deliver a lecture in connection with their winter programme. I consented; and, casting about for some subject which would interest those immediately connected with the educational work of the Co-operative Society, I fixed on "A LIVING WAGE" as my subject. The lecture was delivered on 4th December, and I have consented to its publication in pamphlet form at the request of the Committee above referred to, and in response to the expressed wish of many friends.

The lecture is published, both in text and form, exactly as delivered.

M. OLDROYD.

HYRSTLANDS, DEWSBURY,

11th December, 1894.

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## A LIVING WAGE.

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MODERN facilities for transport and travel have revolutionised our habits. Widespread elementary education has added new strength to the power of the press. More reading has provoked more thinking. Thus the movement of public opinion is marvellously accelerated. But because opinion is so rapidly formed and so promptly disseminated, there is the more need for careful review and searching criticism if society is not to become the victim of its own hasty judgment. New ideas, new projects, must run the gauntlet of free and full discussion, and undergo the requisite modification before they can justly obtain the sign manual of public approval.

Ideas, claiming to be new, are sometimes submitted in a clear and well-defined form, bearing evidence of careful consideration and mature judgment, affording convincing proof of their practicability and of their adaptation to the proposed ends. At other times the pressure of circumstances, or the pinch of necessity, drives men to the sudden realisation of a new desire, the claim for which is expressed in a new cry. In this form, expressive, though it may be crude, forcible, though perchance illogical, the public mind is diverted to a new and burning question. The recent cry for "a living wage" has in this latter method called for discussion and settlement.

Now, my experience has taught me that there are two classes of men whose judgment in cases of this kind must be received with extreme caution. 1.—Those who invariably pooh-pooh any claims so made—however urgent and moderate. 2.—Those who are always ready with a quack remedy for “all the ills our flesh is heir to.” Wisdom admonishes us to ignore the cynic; prudence bids us discount the quack.

It is because I believe the cry for a living wage merits careful study and close investigation, and because I thought you might care to know my views on a subject which has attracted so much attention, that I have chosen it as the subject of my lecture this evening.

In common with other social questions, a living wage may be approached from at least two sides—the economic or the social side. Having regard to man’s complex nature, I cannot think that any treatment of this subject from *either* of these points of view can possibly be comprehensive or exhaustive. In what follows I have, therefore, attempted to look at it from both the ethical and the economic side.

In one sense it is true that the science of political economy, widely interpreted, covers the whole range of social questions. The ethical element is not less potent than the material in its influence on all those intricate issues with which political economy affects to deal. Indeed, it may well be that the human side of economic force, being more fundamental and more permanent than the material, has the greater claim for consideration. Recognising this, the modern school of economists have largely concerned themselves with what may be termed “the personal equation,” so that the reproach of being a “dismal science” no longer attaches to political economy.

The earlier exponents of this science—the Physiocrats, Adam Smith, Ricardo, down even to J. Stuart Mill—busied themselves with the discovery and connotation of the laws relating to the *accumulation* of wealth, but the living professors have given much more attention to the laws relating to its *distribution*. It is therefore to be hoped that the avowed distrust of economic theories so widely diffused among the working-classes, provoked by the one-sided views of the older professors, will not prejudice them against the broader and more accurate teachings of the modern school. Neither distrust nor ignorance of the teachings of economists will relieve us from the pressure of economic law.

Systematic study in this branch of science has already led to the recognition of many settled principles, against whose neglect we are thus forewarned, and “to be forewarned is to be forearmed.”

## DEFINITION OF A LIVING WAGE.

To clear the ground, and to avoid a misunderstanding of terms, so fruitful a source of bitter controversy, let us at once enquire what is meant by “A Living Wage !”

Definitions are difficult and proverbially dangerous, but I will define the term, as I understand it, as concisely as possible, so that we may understand exactly what we propose to discuss. I take it then that a living wage means :

- 1.—A wage by which the worker may obtain the means of subsistence—(a) for himself, (b) for those legitimately dependent upon him.
- 2.—A wage by which the worker may provide reasonable home comforts and fit himself for the discharge of the duties of citizenship ; and

- 3.—That the wage shall be earned under such conditions as regards sanitary regulations, physical and mental effort, and duration of working hours, as will not interfere with his powers of recuperation, and as will afford reasonable time for recreation and rest.

A wage which would meet the requirements set out in the three clauses of the above definition would enable the worker, in the widest economic sense, to attain the highest state of industrial efficiency. We might therefore adopt a more concise form of words, and say:—

A living wage must be sufficient to maintain the worker in the highest state of industrial efficiency, with decent surroundings and sufficient leisure.

For a simple definition one might stop at the word “efficiency,” because the “highest state of industrial efficiency” involves “decent surroundings and sufficient leisure;” but I add the last six words that we may not lose sight of decency and leisure as important factors in a worker’s life.

This definition may and does clear one’s mind as to what a living wage should be, but it does not solve many problems relating to it. Let us look at some of them.

When we use the expression “wage” we naturally associate with it the idea of weekly payments. But our definition does not imply an absolutely regular wage, but one which, taken over a considerable period of time, will prove itself equal to the demands made upon it. This applies particularly to those employments where the demand for the produce is seasonal or dependent on the weather, or affected by changes in fashion. Whether the wages paid in such cases are a living wage

can only be determined by arriving at the average earnings of the worker extending over say six or twelve months. The machinery (if any) employed in such businesses cannot be worked to its full capacity, and the charge for its use must be *pro tanto* increased. On the same principle, such an addition should be made to the cost of the product as will make the average wage received by the worker an effective living wage. If these additional charges check the demand for the article produced (as is the inevitable tendency) relief may be sought in the addition of some analogous industry, to which, in their mutual interests, managers and workers should willingly accommodate themselves. In this way the best economic conditions can be secured in a fluctuating and fickle industry.

This raises the very important question of the extreme sub-division of labour. This has now become an established principle. It is the natural outgrowth of our present industrial organisation, and admittedly yields the best economic results. But it may be driven too far. Within the compass of one business—as, for example, in our own local industry, where interminable changes in taste and fashion have to be provided for—there may be severe departmental fluctuations. Wool-dyeing or piece-dyeing, raising or napping, may be required one season, and may fall off the next. So with other departments. This points to the necessity for the worker to have a broader experience than can be gained by restricting his training to one fickle process. In such cases industrial efficiency, the solid basis on which the claim for a living wage must be founded, can be secured by what I may term industrial plasticity, which the practical business undertaker and the sensible workman will always cordially



cultivate. The living wage, then, must be an effective wage, spasmodic it may be, but averaging over a lengthened period sufficient to meet the requirements of our definition.

Here is another problem! Is the living wage for the family to be computed by strict reference to the earnings of the father only; or are the earnings of the mother or other members of the family to be included? The answer to the first question must be in the affirmative; the answer to the second question in the negative! An ideal society would not tolerate the removal of the mother from domestic duties, nor deprive the young children in a family of the inestimable blessing of their mother's fostering care. To impose upon the mother the treble duties of bread-winning, house-keeping, and motherhood, must necessarily interfere with her own economic efficiency, with the comfort and cheerfulness of the father (as we have seen important factors in his own economic efficiency), and, lastly, must seriously interfere with the economic efficiency of her offspring, whose future so much depends on the vigour of their constitutions and on their proper training. The whole question of the employment of married women in factories is a serious and a difficult one. One ought not to dogmatise. What should be the general rule is to my mind clear. Exceptions manifestly abound. Legislative exclusion would inflict intolerable hardship in many cases. One of the first steps, however, to be taken towards the attainment of a higher standard of living, one which would greatly conduce to domestic economy and home comfort, is a more general recognition of the undoubted fact that the home has an indefeasible title to the mother's undistracted attention. In this direction public



sentiment might be greatly strengthened; and we might be less sparing in our criticism of those heads of families who are too easily induced to cast double duties on their hapless wives.

As regards child-labour we have already made great strides, both in sentiment and in legislation. Much can be said in defence of the employment of half-timers—much can be said in defence of anything—but I hope to see the day when the half-timer will be abolished. The general acknowledgment that the interests of the State are well served by the general diffusion of a sound elementary education has already led to the fixing of a higher limit to school exemption. That limit will, ere long, be advanced again. The testimony of school inspectors and prison records show that the legislative protection of children has caused the development amongst them of a greater receptive faculty and a higher moral tone. “It goes without saying” that when the age of dependence is passed young people should gradually become self-supporting, and during youth and early manhood and womanhood should be trained in frugal and thrifty habits, which will stand them in good stead in after-life. At this period of life more than a mere living wage is often received, and provision should, as far as possible, be made for future vicissitudes.

We conclude, then, that the living wage must be computed generally with reference only to the earnings of the head of the family; and that earnings by the mother or by the children of tender age, exceptional and conditional as they should be, ought not to be included in a general estimate of the family resources.

## FLUCTUATION IN PRICE-LEVEL OF COMMODITIES.

A living wage cannot be definitely expressed in pounds, shillings, and pence; nor can the rate of wages necessary to yield a living wage be uniformly fixed. The rate of wages must vary according to the regularity of the employment; the relative cost of commodities in different localities, the degree of exhaustion (physical or mental) involved in the specific occupation, and the cost of commodities. As the price of commodities varies, the purchasing power of a fixed money-wage rises or falls. It is the command of commodities by which wage must be gauged. This is acknowledged generally. The programme of the Socialist Revolutionary party in France, issued at Havre in 1880, contained, amongst others, a demand for the legal fixing of a minimum wage *every year in accordance with the price of provisions*. Professional economists, and, indeed, all who have given this subject the most cursory investigation, have observed the fluctuation in the value of commodities. The following figures, taken from "Mulhall's History of Prices," and based on the actual Board of Trade returns of British imports and exports (excluding foreign and colonial merchandise exported from United Kingdom), and not based on a limited number of articles as with other statist, bring out these remarkable results:—

Commodities which, in the decade from 1841-50, would have cost 100,

In 1864 would have cost	...	...	152
„ 1874 „ „	...	...	120
„ 1884 „ „	...	...	87
1894 may be estimated at	...	...	67

Or, following the Sauerbeck method, and taking the less reliable index numbers of prices of 45 commodities, whose average cost in 1867-77 was 100, we find that

In 1873 they would have cost	...	111
„ 1883        „        „	...	82
„ 1893        „        „	...	68
„ 1894        „        „	...	63

Or, in other words,

A sovereign, being worth 20s. in 1841-50, was worth 13s. 2d. in 1864, 16s. in 1874, but was worth 23s. in 1884, and 30s. in 1894.

Or, put another way,

At the same rate of wages in 1894, 100 men would earn the same amount of general commodities as 130 men in 1884, as 179 men in 1874, as 226 men in 1864.

These figures strikingly demonstrate the great fluctuations in the prices of general commodities which have occurred within the last fifty years, and show how hopeless would be any attempt to express a living wage in any fixed terms of money value. During the same period (fifty years) the rate of wages payable to artisans, including blacksmiths, masons, carpenters, plumbers, and cotton-spinners, has advanced 50 per cent. This does not fully apply to all branches of industry, notably to unskilled labourers and to the sweated industries. But in the general rate of wages there has undoubtedly been a marked advance, and the power of a given sum over commodities having so largely increased, there is no doubt that workers generally have improved their economic position during the period under review. This is matter for general congratulation, and proves

that our present industrial organisation, whatever its weaknesses and defects, has not yet proved itself a hopeless one for the workers generally.

A careful analysis of the fluctuations in the price-level of commodities brings out one striking fact, which I cannot pass without a word of comment. One phenomenon seems to recur with unexceptional precision—WAR SENDS UP PRICES. War destroys commodities. It diverts the energies of large masses of men from the production to the destruction of commodities, and making them scarcer makes them dearer. Infallibly productive of a sense of insecurity, war saps the great springs of industry. Trade is paralysed because every one is bent on saving and hoarding his possessions, and hesitates to use them for the production of more. Old enterprises languish, new ventures are suspended, and general depression ensues. The increased cost of commodities sends up wages too, but not in proportion to that increase, so that in time of war the position of the worker, *as a consumer*, is never so good as in the "piping times of peace." This applies not only to international but also to civil and industrial warfare. Hence it is the duty of the true statesman, as of the right-minded citizen, to avoid war, and to conserve for industry the inestimable boon of enduring peace. I admit that circumstances sometimes demand the vindication of national as of industrial honour; but the clash of arms or the clash of interests is certainly, if not equally, pernicious to the victors as to the vanquished. Civilization, if it is worth its salt, will find some wiser and happier method of settling international and industrial disputes.

## A LIVING WAGE MUST NOT CRIPPLE INDUSTRY.

A living wage must not be a killing wage. If it cripples or destroys the industry from which it is drawn it is guilty of *felo de se*. You must not kill the goose that lays the golden egg. I do not say that the insistence on a living wage has often crippled the trade in which it has been demanded. But it is conceivable that such might be the case. The payment of a relatively high wage in any industry may lead to the influx of large numbers of workers from other industries where less favourable conditions obtain. This may lead to over-crowding, excessive production, lower prices, and, consequently, a living wage for the increased number of workers may become impossible. Other sets of circumstances may conceivably lead to the same result. In such cases there arises the necessity for careful and gradual adjustment of the industrial conditions. There is hope of carrying out such an adjustment so long as harsh words and bitter feelings do not disturb the equanimity or warp the judgment of those concerned. When the diminution of profit arising from any class of undertakings has reached the utmost limit consistent with their perpetuation, and when economy in administration has exhausted its last resource, a living wage can only be effectively secured by an advance in the charge for the product, or by an adjustment of the number of producers to that level at which the effective demand will give regular employment to the workers. An advance in the price of the product would at first sight appear a simple and effective method of securing a living wage, but if driven too far it will cripple the trade by reducing the effective demand—the natural consequence of the

increased burden to the consumer. If the number of workers engaged in any industry be not adjusted to the demand for their produce, irregular employment will ensue, and the average week's work may be reduced to five, four, or even three days. A living wage paid under such conditions would be a *playing wage*, not a *working wage*, and would constitute a substantial tax on the workers in other industries. The arbitrary imposition of a living wage on any industry, without reference to the conditions under which it is being conducted, may cripple or even destroy the enterprise. The consequent diminution in the general volume of work must prejudicially affect the economic position of the workers directly concerned, and, indeed, of all other workers. The course of industry does not run smoothly! The progress of inventions, the changes of fashion, the development of new wants necessitated by a higher standard of living and nobler ideals, involve colossal changes in industrial economy. Subject to influences so far reaching, it is positively marvellous that industrial employment is as steady and stable as it is. Our complex industrial organism adapts itself with wonderful rapidity to its environment. Influenced by occult and mysterious forces, and anticipating, like a barometer, the approaching changes, trade movements are attended with less friction and less cruelty than might have been reasonably anticipated. The maintenance of a living wage amid forces so overwhelming and so antagonistic must always call for a practical recognition of the economic laws which our nature has imposed, and a free exercise of that mutual forbearance which common sense and fairness alike dictate.



## SOURCES OF A LIVING WAGE.

Let us next inquire from what sources a living wage may possibly be drawn.

For the purposes of this discussion I will assume that the wage demanded is greater than that now current; that a living wage will be an advance upon that now paid. I propose to inquire, then, from what sources the advance may be obtained.

- 1.—It may be drawn from the increased efficiency of the worker. An increase in wages necessarily gives the worker greater power over commodities. If the consumption of more commodities results in an increase of physical capacity, mental vigour, and moral power in the worker, he will be enabled to produce more. Working with greater energy, more thoughtfulness, and higher ideals, the increased results of his labours will be a set-off against his demand for more commodities as a consumer. In this sense, as promoting greater efficiency, the living wage may be said to be self-productive, and does not, by increased cost, constitute any additional charge on the capital employed, or on the workers engaged in those industries which supply the additional commodities. True, other workers have to supply additional commodities, but, by exchange, they will receive an equivalent value from the increased productiveness of the living-wage worker. Advantage would, therefore, not only accrue to the individual artisan, but to every one else. An increased demand for commodities generally would ensue, and the greater efficiency of the workers would itself constitute the source from which the demand

would be met. The wheels of commerce would be oiled, depression relieved, and the wail of discontent lost in the hum of industry. So far as a living wage produced increased efficiency it would thus raise the standard of living, and spread its cumulative blessings broadcast over the whole community. The moral advantages in a right-minded community would be not less than the material. The craving for brutalising excitements, the toleration of degrading environments, would give place to healthier instincts and nobler ambitions. The greater efficiency of the living-wage earner justifies a stricter regard to the conditions under which his work is done. With the instincts of an ennobled manhood he will enjoy work, but will hate drudgery. He will abhor idleness, but he will demand rest. As compared with that of a generation ago, the improved position of the present-day artisan has naturally led to a general demand for better industrial conditions. Public opinion has called for and secured improved sanitary regulations, both in the home and in the factory and workshop. Much remains to be done by the enforcement of existing law. The labourer also claims that his allotted task shall not exceed his powers of endurance, and much labour and thought is being given to the discovery of what hours of work will yield the best economic results. Every hour spent in labour which reduces the efficiency of the worker is an economic loss. The supposed advantage of long working hours is an exploded fallacy. Self-interest and social weal are best promoted by the adoption of such



hours as will produce the best economic and moral results. Experience is gradually accumulating in this matter. The Government have adopted an eight hours' day in most of their factories, and the results are said to justify the experiment. Some private firms, notably in the engineering trade, report equal success on the same lines. But, with the purest motives and the best intentions, it will not be easy to find the happy mean in all the various industries of the country. Shorter hours, with an equivalent increase in efficiency, do not involve increased cost or diminished production. In such cases the short-hour policy may be adopted without hesitancy and with undoubted advantage. But in those trades where shorter hours would diminish production, and therefore increase the cost of the produce, it is perfectly clear that, other things being equal, a reduction of wages would ensue. A new problem is thus presented which may be put somewhat like this:—Where does the balance of advantage lie? In less work with diminished resources, or in more work with greater resources? The solution of this problem calls for extreme caution and careful forecasting of results. Different conclusions will doubtless occur to different minds.

- 2.—A living wage may be drawn from a possible improvement in administration. We are all prone to rest on our oars. And the pressure of a living wage may in some cases lead to such a reorganisation of an industry, and to the discovery and adoption of such devices and contrivances as will neutralise the increased cost. In this case, too,

the increased wages would be an advantage all round.

- 3.—A living wage may be taken out of the profits of the capitalist. Here arises the difficult problem of the equitable adjustment of remuneration between capital and labour. It is an old controversy, for the settlement of which no satisfactory or final proposal has been, or probably ever can be, submitted. The varying industrial conditions prevent the application of any fixed or definite rule. When the profits in any given industry are greater than is necessary for the attraction of the capital required for its maintenance and perpetuation, there is clearly an available fund from which a living wage, or some approach thereto, may be drawn. But the enforcement of wages which will drive capital from, and thereby cripple, a given trade, must injure the position of those employed in it. Here is a fair field for the exercise of reason and common sense, happy substitutes for the prejudice and ignorance which too often drive industrial partners into bitter and wasteful contentions. The right of combination being now fully conceded in law both to the capitalist and the worker, it is surely to be expected that each will learn to exercise his powers in a temperate spirit. It is the prerogative of liberty to cultivate reason and to curb license.
- 4.—Another source from which a living wage may be drawn for the workers in a given industry is an advance in the price of its products to the consumer. Any advantage accruing in this class of cases to the workers is at the expense of the consumers—

that is, the workers in other industries. There is no addition to the common store of commodities, but merely a change in the incidence of industrial remuneration. Yielding no increase to the resources of the community, the advantage gained by the living wage is exactly balanced by the diminution of the resources at the disposal of the rest of the community. Inequality of distribution among workers may be redressed by levelling up the wages of those workers who are below the average; but it cannot be too clearly understood that an advance in the price of any commodity does not increase the wealth of the *community*. A general advance in wages will necessitate a general advance in commodities; there will be unsettlement and unrest, but no effective increase in the wealth to be distributed. A higher level of prices may give the appearance of increased prosperity, but by inducing foreign competition it may really cripple industry, and prove a broken reed piercing the hand of those who lean upon it.

- 5.—Yet another possible source of a living wage is better workmanship. Rigid economy in the use of raw materials, promptitude and precision in every detail of work, intelligent contrivance for the accomplishment of industrial purposes, and, above all, strict conscientiousness in the discharge of duty, are essential elements in economic efficiency. The persistent use of them in everyday work would infallibly contribute to the attainment of a living wage. The ignorant and short-sighted workman may think that he benefits his class by scamping his work. No greater

delusion could possess the human mind. Worse work and less of it is the motto of knaves, the maxim of fools. Industrial and social progress wait on honest and skilful workmanship. Without this a living wage is a barefaced fraud. The inculcation of this sound doctrine might well form an integral part of Trades Union teaching. Inefficient work, whether emanating from incompetency or unfaithfulness, is a tax on the community. Involving an increase in the staff of inspectors and managers, it swells the army of ineffective workers, and, diminishing the sum total of the commodities produced, it increases the numbers among whom those commodities have to be divided. An advance in the standard of workmanship would not long precede an advance in the standard of wage.

- 6.—Yet another stepping-stone towards an effective living wage may consist in more discreet expenditure. Waste is alike disastrous to opulence or poverty. The consequences may vary in form: they are alike in substance. Defective administration of given resources may make the difference between poverty and plenty. A living wage may by mismanagement be made a starving wage, or an insufficient wage may be made to approach a living wage. Good spending is as essential as good earning. Judicious outlay practically raises the standard of living, and lifts the worker out of the vicious circle of debt, dirt, and demoralisation. In this branch of the domestic economy the mother of the family naturally takes a leading part, and other duties cannot with economic

advantage be imposed upon her so as to interfere with the thoughtful administration of the family resources. The evils arising from extravagance and prodigality, both among the rich and the poor, are but too apparent; nor need one stay to prove the generally accepted dictum that, under existing industrial conditions, much, if not most, of the prevailing poverty, misery, and crime might be prevented by the application of the self-denying ordinance of temperance, thrift, and self-restraint. I am deeply convinced that the readiest access to social progress is by way of a wiser use of existing resources. A new value would thus attach to present earnings, and industrial efficiency, advancing by leaps and bounds, would culminate in a living wage.

### THE MAXIMUM WAGE.

Having now discussed some of the sources from which a living wage may be obtained, wholly or in part, let us for a moment inquire what is the maximum wage the worker can legitimately expect. He ought not to expect to receive more than he earns. In the long run he cannot get more. The maximum wage cannot exceed the sum total of the wealth produced. This does not mean the total value of the produce he turns out, but the difference between its value on completion and its value when he began his work. In his "Principles of Economics"\* Professor Marshall says:—"Man cannot create material things. When he is said to produce material things he really only produces utilities." The worker producing utilities cannot

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\* "Principles of Economics," Marshall, chap. III, pp. 116.

fairly claim more remuneration than an equivalent for the additional utility he puts into the materials upon which his labour is expended. *That is the maximum he can claim; it ought to be the minimum he receives.* "The labourer is worthy of his hire;" and I unhesitatingly affirm that that hire should be nothing less than the total wealth or utility he produces. In this matter I put the labour of young people, women, and men, on the same broad basis. A woman, because she is a woman, is not entitled to less; a man, because he is a man, cannot claim more. I cannot express in terms of pounds, shillings, and pence what a living wage or any other wage should be per hour, per week, or per year. I cannot sit in judgment on the relative merits of different classes of work and say this is worth 20s., that 30s., and a third 40s. But I do affirm that the worker is entitled to a recompense equivalent to the increased utility he puts into the article on which he labours. With this principle, simple, and I might almost add axiomatic—with this fundamental principle established in our minds, let us examine its practical application. In a highly organised industry, where, through the sub-division of labour, many workers contribute in varying degrees to the total utility added to the material on which they operate, there is immense difficulty in accurately apportioning the remuneration due to each. In the several departments there may be, and often is, varying demands on physical energy, mental resources, and industrial skill, and the exact appreciation of the individual contribution to the common fund of added utility is beyond the reach of human ingenuity. If equitable distribution of industrial spoil among the individual workers of one



industry is beyond the reach of human capacity, how much more difficult to find the equilibrium between one industry and another. It is a difficult, a hopeless task. Perfected to-day it would have to be revised to-morrow. Every new industrial development would unsettle old adjustments, and energies which, in the common interest, ought to be devoted to production, would be diverted to apportionment of rewards. Under our present industrial organisation these delicate questions are settled by competition. It has not always been so; it is not so everywhere. Among savages they are settled by force; in some more advanced communities, by privilege; but in the most settled communities by competition. Socialism proposes to settle them by equal division, but in every attempt hitherto made has lamentably failed. Society has not yet discovered for the division of the spoils of industry any better method than competition. This is the method of nature, and nature, like competition, is cruel. Biological science has demonstrated the rigour of natural law. Political economy has detected the working of analogous laws in its own sphere, but has not revealed "a better way." Men, however, have nobler parts and higher instincts than brutes. The cruel despotism of economic law may be tempered by foresight, prudence, forbearance, and the greatest of all gifts, charity or love. It is by these, the distinctive and crowning gifts of our nature, that the keen edge of competition can and ought to be dulled. The evils of competition, glaring and ghastly as they are, cannot be eradicated by vain protests against their existence, nor by the substitution of a new and less promising system, but by an infusion of the spirit of charity

into the agents by whom the existing system is administered—*men themselves*. Better men, better deeds! Competition is the life-blood of industry: but it will only carry life and health into the industrial organism when oxydised by the vital principles of man's higher and better nature. Competition is the egoism of industry—the spontaneous instinct which makes for self-preservation. Altruism chastens competition, and is a social instinct which makes for the good of others. Competition between worker and worker has been much modified by the development of a fraternal feeling over the whole field of industrial activity. Further, class interest has preserved various groups of workers from the violence of unrestricted competition. In both cases Trade Unionism has contributed much to this happier state of things. And now the stress of competition centres in the respective claims of capital and labour to the emoluments of industry. It is here the battle rages. Let us examine the issue.

### CAPITAL AND LABOUR.

As used in this controversy between capital and labour, the word capital is not used in a strictly scientific sense. It is used in a *personal* sense, and refers not only to accumulated wealth, but also to the person or persons concerned in its management. Capital (in the strict sense) is so generally associated with the person who industrially controls it, that, by a natural process, the word has come to include *both the person and the thing*. The conception involved in the word capital used in this connection includes both instruments of production, and the industrial management of them. Capital, as thus understood,



claims to share the produce of industry with labour. Capital recognises the claims of labour and asserts its own. Competition, tempered or not by reason and equity as the case may be, adjusts the rival claims in a rough and ready fashion. Now common sense and political economy agree in telling us that capital and labour are both essential to industrial prosperity, and that due provision for the maintenance of both must be a first charge on the wealth they mutually create. The fact, however, that the function of labour is more conspicuous than that of capital has naturally induced men to question the utility of capital, and to disparage its claims for remuneration from the industrial funds. Hence the hue and cry against interest, rent, and trade profit (the appropriation for business management and for interest on capital)—a cry as stupid as it is persistent, baseless as it is misleading.

### INTEREST, RENT, AND TRADE PROFIT.

Let us take a concrete case. The shoemaker who turns a piece of leather into a pair of boots is entitled to the difference between the value of the leather and the value of the boots. From that fund, however, he must pay other labourers for their respective contributions to the making of the boots—(a) the worker who furnished the leather, (b) the worker who provided him shelter, (c) the worker who supplied him with tools, (d) the worker who provided the transport and service of the boots to the wearer. The leather, the building, and the tools were provided beforehand for the use of the shoemaker; they constituted his working capital. To deprive them in their *capitalised* form of their fair share of remuneration is to defraud the workers who produced

them in their *personal* form. Interest is the reward for postponing the use of the fruits of labour. Rent is a charge for the use of the fruits of the labour of others. Interest\* and rent play a useful and worthy part in the industrial economy of a civilised community. Another illustration may serve to demonstrate the justice of their claim to rank as factors in the industrial equation. Here are four men, A B C D, each standing possessed of £200.

A reasons thus within himself:—"This is my property. I will enjoy it. So long as it lasts I will gratify every desire." He had it, enjoyed it, and it is gone.

B, looking at the £200 with the grim satisfaction of a miser, says:—"I will take care of this capital. I will not squander it like my neighbour A, but will carefully hoard it in my long stocking. It may prove useful on some future day." He keeps his £200, but does not use it.

C, who is in regular and remunerative employment, has no immediate use for his £200. He says:—"I will defer the use of my capital for a time, and put it beyond my reach by lending it to D. In consideration of my depriving myself of the use of it, he will pay me 4 per cent. interest, or £8 per annum, which will just pay my rent and give me a margin for improving my standard of living. D is a steady, enterprising fellow, the money will be fairly safe in his hands, so that I will not charge him 5 per cent., but 4 per cent."

D says:—"I have my own £200; I will borrow £200 from C, and build two houses. I will live in one, and let the other to A at £12 per annum."

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\* See Marshall's "Principles of Economics," p. 611, *et seq.*

Here you have an illustration of the functions of interest, rent, and management ; and I challenge the detection of unfairness in the working of either as between these four men. A wastes his capital, and has to pay £12 a year in rent to D, who takes the risk of the investment, the care of managing the property, the expense of maintaining and renewing it, and the risk of collecting the rent from the spendthrift A. B keeps his £200, and enjoys its possession, but, not incurring the risk and responsibility, cannot claim the advantage of using it. C is entitled to coverture in the shape of interest for the risk in lending and for the postponement of the enjoyment of the fruits of his labour—his capital. D justly claims the advantage of using his capital by becoming his own landlord, and compensation for the management of C's capital, with the attendant risks, costs, and responsibilities. Capital in the shape of interest, rent, and remuneration for business management, has an indefeasible title to its legitimate share of those industrial products to the production of which it contributes—co-ordinate with the equally indefeasible title of labour. The interests of capital and labour are concurrent and identical so far as they appertain to the protection of the labourer, the maintenance of his efficiency, the repair of his exhausted energies, and to the protection, maintenance, and repair of capital. Capital is the complement of labour, labour the complement of capital. Injury to one involves injury to the other. But in the division of the spoils of industry the interests of capital and labour are *competitive*. I believe these respective interests are really less competitive than at first sight appears. They suffer together ; they prosper together. Together they stand ; together they fall. But, practically speaking, the exercise

of the instinct of self-preservation by labour and by capital respectively does bring into play certain competitive elements and disturbing forces. Recognising this fact, and concerned as we are to-night with the living-wage claim, we may now appropriately consider some of the agencies by which labour may hope to conserve, and even ameliorate, its industrial status.

### DECLINE IN THE VALUE OF CAPITAL.

Under the industrial organisation now predominating the trend of economic evolution points to an increase in the value of labour, and to a decrease in the value of capital. But a peaceful evolution is of fundamental importance. International, civil, and industrial wars are each and all essentially destructive. War of any kind is industry's arch-enemy. Like the earthquake and the tornado it brings destruction and ruin in its track. Not satisfied with the destruction of those treasures which past industry has accumulated, it paralyses present effort and mortgages the resources of the future. In Lord Rosebery's biography of Pitt he shows that Pitt favoured Free Trade. His views might have had legislative fruition had not the demands of the Great War made Free Trade a political impossibility. The conclusion of peace brought the inevitable fall in prices, and men clutched at Protection as a means of supporting prices. It was thus that war postponed the establishment of Free Trade until 1846. Peace is the cradle of industry. With the continuance of peace wealth has always increased. And the increase of wealth is the touchstone and sheet anchor of the worker's prosperity. The abundance of capital, as of every other commodity, is an infallible cause of its cheapness. The relief or liberation of labour

from the incubus of capitalistic charges will be the natural sequence of an increase in the common capital stock. Subject to frequent intermissions this process has been going on with almost mathematical precision. It is observable within the limits of our own experience. Thirty or more years ago 5 per cent. interest was easily obtainable for loans on first-class securities. To-day 4 per cent. is the most any substantial borrower would think of paying. The interest payable by Municipal Authorities has gradually declined from 5 to 3 per cent. In 1844\* the interest payable by the State on consols was reduced from  $3\frac{1}{2}$  to 3 per cent.; in 1888† it was reduced to  $2\frac{3}{4}$ , with a further prospective reduction in 1902 to  $2\frac{1}{2}$  per cent. And yet last month (November, 1894) the price of consols reached the highest level since the Goschen Act, and beat all former records. Labour is not only being relieved by the reduction of interest charges; the same subtle, but powerful, process of reduction is being applied to the charge for business management. The capacity for this class of work is still comparatively rare. It is being gradually diffused. Twenty years ago many men whose intelligence and capacity fitted them to be the guides, if not the captains, of industry were held back because they could neither read nor write. Elementary education has removed that obstacle from the worker's path. To-day the capacity for business management is confined to a much narrower circle than will be the case with the next generation. The faculties of eye and hand and brain are being trained and cultivated in thousands of students at our technical schools. The diffusion of technical skill and

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\* Hansard, third series, vol. 73, p. 729.

† Hansard, third series, vol. 323, p. 706.

scientific knowledge will increase the supply of men capable of and fitted for industrial responsibility. The cost of management will be lightened and *pro tanto* the position of labour will be improved. It is thus by the increase of wealth—material, mental, and moral—that labour may look for an increase in its share of the fruits of industry. It is indeed conceivable that the charges for interest and rent may be reduced to the vanishing point, and that labour, in the broadest sense, may carry away all the spoils of industry, except what may be necessary to maintain the capital stock. The worker will thus work out his own salvation.

### TRADE COMBINATION.

What are the available means for facilitating the march of labour in this peaceful conquest of capital? Let us see. I will only refer to two, and in the front rank I put TRADE COMBINATION. Trade combination has done much to improve the economic position of labour. Trades Unionism has inspired its adherents with a conscious sense of the dignity of labour—a wholesome lesson in a community where feudal sentiments and aristocratic notions still linger. It has taught men to eschew suicidal competition between labourer and labourer. It has preached the doctrine of the solidarity of labour, and its history is a record of conquest and progress. Like all great movements, however, it has had a checkered career. It has suffered from the impetuosity of its friends, and profited by the stupidity of its enemies. The supineness of many whom it sought to benefit has restricted its resources; the mistakes of leaders have sometimes shaken the confidence of the rank and file. As has so often happened on the field of battle, trade unionism has



suffered reverses by over-estimating its own strength and under-estimating the power of its opponents. But in spite of errors, and notwithstanding its inherent weaknesses, the status of the organised industries proves that trade combination can do something to raise the *morale* of the worker and to check the encroachment of capital. It has accomplished much: I believe it will yet accomplish more. The spread of trade combination through all ranks of the industrial army would give labour a great lever for making a living wage the recognised reward of the steady and industrious worker. Trade unionism has served a good purpose in exposing the inhuman greed of the unscrupulous capitalist, the horrible cruelties of mercenary and inconsiderate exploitation of labour, and the fiendish subterfuges of the practised sweater. It may yet add to its public services by diffusing among its members a full appreciation of the economic value, the moral worth, and the paramount necessity of diligence in business, excellence in workmanship, faithfulness in service, and fidelity to trust. Whatever may be the relative merits of the OLD and the NEW UNIONISM (that remains to be proved), of this I am sure, the HIGHER UNIONISM will only attain the sanction of public approval and triumphant success if it rises superior to the selfishness and tyranny which it condemns in others. When "Trade Combination" stands as a synonym for the Combination of Virtues—and a lower ideal would be unworthy of so noble a cause—it will then win its way to a living wage and to a life worth living. The combination of labour for aggressive purposes will naturally lead to a corresponding combination in the interest of capital. The field of industry will thus be occupied by two hostile forces. Do you say it were better not so? I doubt whether you are right. It

is better to "struggle into life" than to die of inanition. Conflict and struggle seem to be indispensable to our nature. It touches us in every quarter of our environment—in the struggle for existence, in the struggle for knowledge, in the struggle with evil, in the struggle with disease, in the struggle for life, and in the struggle with death. I believe the struggle of competition, man with man, class with class, interest with interest, is a necessary stimulus in industrial as in other spheres of activity. At this juncture, however, when the opposing forces of capital and labour jeopardise if they do not threaten the vital interests of the community, the social instinct intervenes and declares that the greatest of all interests is peace. The combativeness of the individual and of the class is restrained by a proper regard for the interests of all. In the words of Sir W. Harcourt, "We are all Socialists now." Economic teaching, material well-being, moral principles—in a word, Civilisation, forbids the use of the sword, and calls for the arbitrament of reason. Conciliation and Arbitration are the antidote to industrial warfare. In these we have a specific for industrial disease. Conciliation and arbitration have finally to settle the terms of peace. How much happier if before rather than after the clash of arms! The community spends much energy and wealth in the prevention, detection, and punishment of crime, it will soon show its wisdom in establishing courts of conciliation and arbitration, to whose arbitrament shall be left the case of Capital *v.* Labour.



## CO-OPERATION.

Another agency for the attainment of a living wage is to be found in Co-operation. The moral, not less than the fiscal, advantages of co-operation cannot be over-estimated. Co-operation is Self-help *v.* State-help. It fosters the spirit of self-reliance. Conducted on the principle of ready-money for serviceable goods, it has eliminated trade risk, reduced the cost of distribution, and given to money wages a greater power over commodities. I wish every success to the movement which aims at pushing forward the co-operative principle into the manufacture as well as the distribution of goods. That success will furnish additional evidence of the adaptability of our present industrial organisation to the development of any form of enterprise, whether socialistic or individualistic. The trend of recent legislation affecting commercial enterprise has been in a socialistic direction. The right of combination has been tardily conceded to the working classes. Facilities for, and inducements to thrift have been greatly multiplied. Trade benefit societies, building societies, penny savings banks, and post office savings banks have had State sanction and State patronage. The institution of commercial undertakings by a combination of small capitalists has been facilitated by the extension of the joint-stock principle to limited companies with shares of a low denomination. These helps and encouragements are offered by the State to the frugal worker who is able to reserve some portion of his resources for future use. Co-operation does all this *and more*. It cultivates the disposition to save, but it also increases the power to save. By bringing the consumer into the closest possible proximity to the producer, and by making him, to a large extent,

the distributor of the commodities he needs, co-operation gives an elasticity to the worker's wage which it could not otherwise possess. I regard co-operation, therefore, as a most potent agency at the disposal of the worker for making the rewards of his industry a real and effective living wage.

### REVIEW.

Let me now briefly review the ground we have traversed, and the conclusions we have sought to establish. We have attempted to keep in view both the economic and the ethical side of the living wage question, and have defined it as not merely a subsistence wage, but one which will conduce to industrial efficiency and home comfort. We have shown that the living wage must, as a rule, be based on the earnings of the head of the family independent of aid from wife or child; that the fluctuations in the price level of commodities prevents its expression in pounds, shillings, and pence; that the status of the worker has vastly improved in the past fifty years, and will continue to advance if peace prevails; and that a living wage cannot proceed from a crippled industry. The possible sources of a living wage have been enumerated, and comprise among others:—

- 1.—The increased efficiency of the worker.
- 2.—Improved administration.
- 3.—Profits of capitalists.
- 4.—Increase in price of commodity produced.
- 5.—Better workmanship.
- 6.—More discreet expenditure.

We have shown what the maximum wage is, and established the right of the worker to its enjoyment, after providing equally liberal remuneration to his industrial associates. The influence of competition in industrial rivalry has also been discussed, as well as the spirit by

which it should be tempered. An attempt has been made to expose the futility of the protest against interest, rent, and trade profit. We have also seen that the claims of capital on the products of industry will be reduced in proportion to the general increase of wealth, and the diffusion of technical knowledge and business capacity. Lastly, we have seen that ideal trades unionism and co-operation are among the available means for attaining an effective living wage.

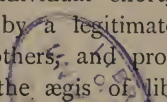
It will be observed that we have not touched the great and grave question of the Unemployed. I have strictly limited the discussion to a living wage for workers. A broader view of the living wage question would have involved the introduction of much additional subject matter among which the problem of the Unemployed must have occupied a prominent position.

## CONCLUSION.

Man's material prosperity is largely determined by his moral attainment. The world can only be made better by making men better. On the other hand environment is a potent factor in the shaping of habits and in the moulding of character. The environments of the working classes in this year of grace 1894 are not what they should be. Between the upper-millstone of gambling-hells, gin-palaces, and book-makers, and the nether millstone of brutal sweaters and unscrupulous employers, what chance has the worker? Let him redeem himself from the tyranny of the *upper*, he will soon be delivered from the tyranny of the *nether* millstone. The economic position of the worker has risen immensely during the last fifty years. It has not yet reached its zenith. Labour is appreciating, capital is depreciating in value. The demand for a living

wage is not the wail of despair ; it is the whisper of hope. I have faith ! The resources of civilisation are not yet exhausted. Peace and plenty, however, are not to be won by the revolutionary devices of confiscation and expropriation ; they are found in the lap of industry, frugality and virtue. Material prosperity and moral progress are the natural fruit of sustained effort and rigid discipline. For their attainment every helpful influence should be brought into tribute. Individual effort will ever remain the real root of progress, but the potency of combined action must not be ignored. Two agencies for the amelioration of the workers' status I have already named—Trades Unionism and Co-operation. Democratic in form, both those organisations are Socialistic in spirit. Each of them, however, is the product of individualism. The clock of economic and ethical betterment may be put forward by that modified Socialism which, while it avails itself of the principle of association, be it through the municipality or the State, does not subvert individual freedom ; but that clock can only be put back by that Socialism or Collectivism which would wrest from the individual and hand over to the State the control of the means of production, distribution, and exchange. With Socialists themselves I have no quarrel. In some respects their ideals are lofty, their aspirations high. I respect their motives, but I distrust their methods. To Socialism I can give no quarter. Socialism is the antithesis of individualism. It strikes at the very root of personal liberty, and paralyses individual action. Denying the right of private property in land, capital, and ability, it destroys every self-regarding motive, stifles ambition, and saps the springs of enterprise. Socialism is opposed to the forces of nature. Nature

deals with individuals. To individual gifts she attaches individual responsibility. Nature has no dealings with Committees or Communities. She distributes her gifts as she imposes her obligations—*on the individual man*. “Every *one* of us shall give account of *himself* to God” (Romans, xiv., 12). That individualism is the order of nature is shown by this one stupendous and incontrovertible fact: inventions, discoveries, ideas, aye, revolutions have always emanated from *individuals*; they have never had their origin in Boards, Commissions, Councils, or Committees. The suppression of individualism, come whence and when it may, will stifle genius and produce mediocrity. Socialism is rooted in envy. It covets capital, and curses the capitalist. It proposes to control what it has not produced—to scatter what it has not gathered. Socialism is a veiled tyranny. For the despotism of kings and of priests it proposes to substitute the despotism of Demos. Socialism is lavish of promises which it can never keep; beginning in hope, it must end in despair; apt to destroy, it is powerless to create. Liberty is on its lips, license in its heart. Labour and capital—the means of production, distribution, and exchange—will vanish under the withering hand of municipal inspection and State inquisition. The luxury of labour, the sweets of repose, the pleasures of knowledge, the joys of home, the delights of society, the satisfactions of virtue, the comforts of religion—these—all these are the living wage which make life worth living. But by the invincible and insuperable laws of our nature, they can only be won by individual effort, and by personal self-restraint, prompted by a legitimate regard for self, and a due regard for others, and prosecuted under the protection of law and the ægis of liberty.





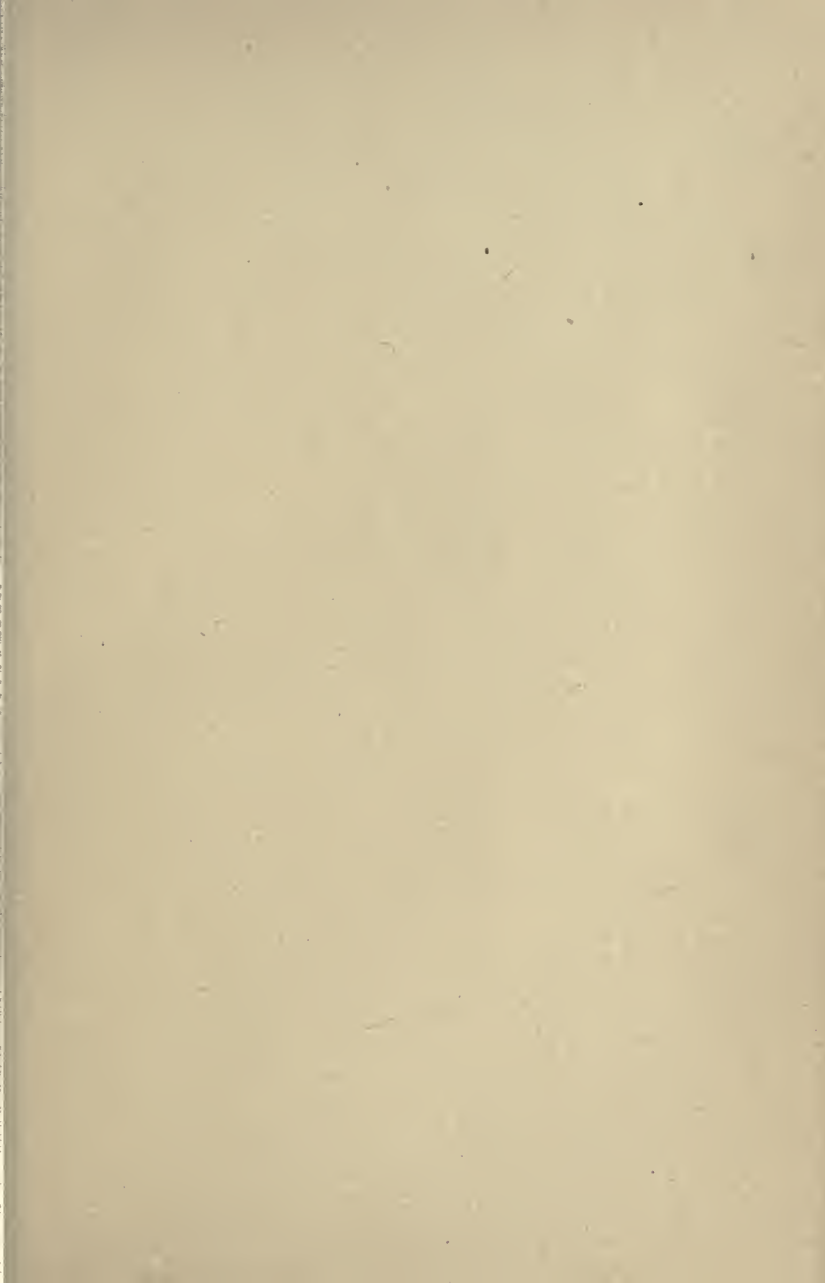








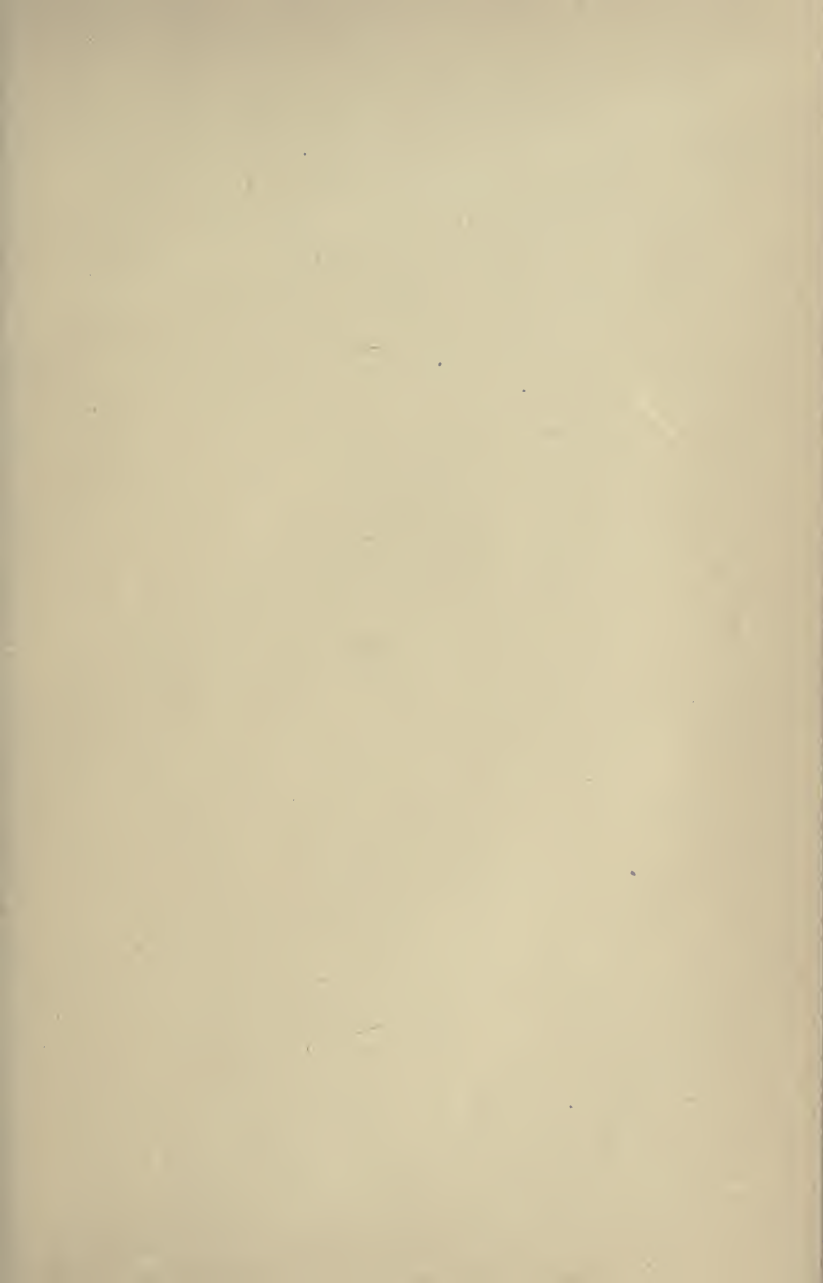










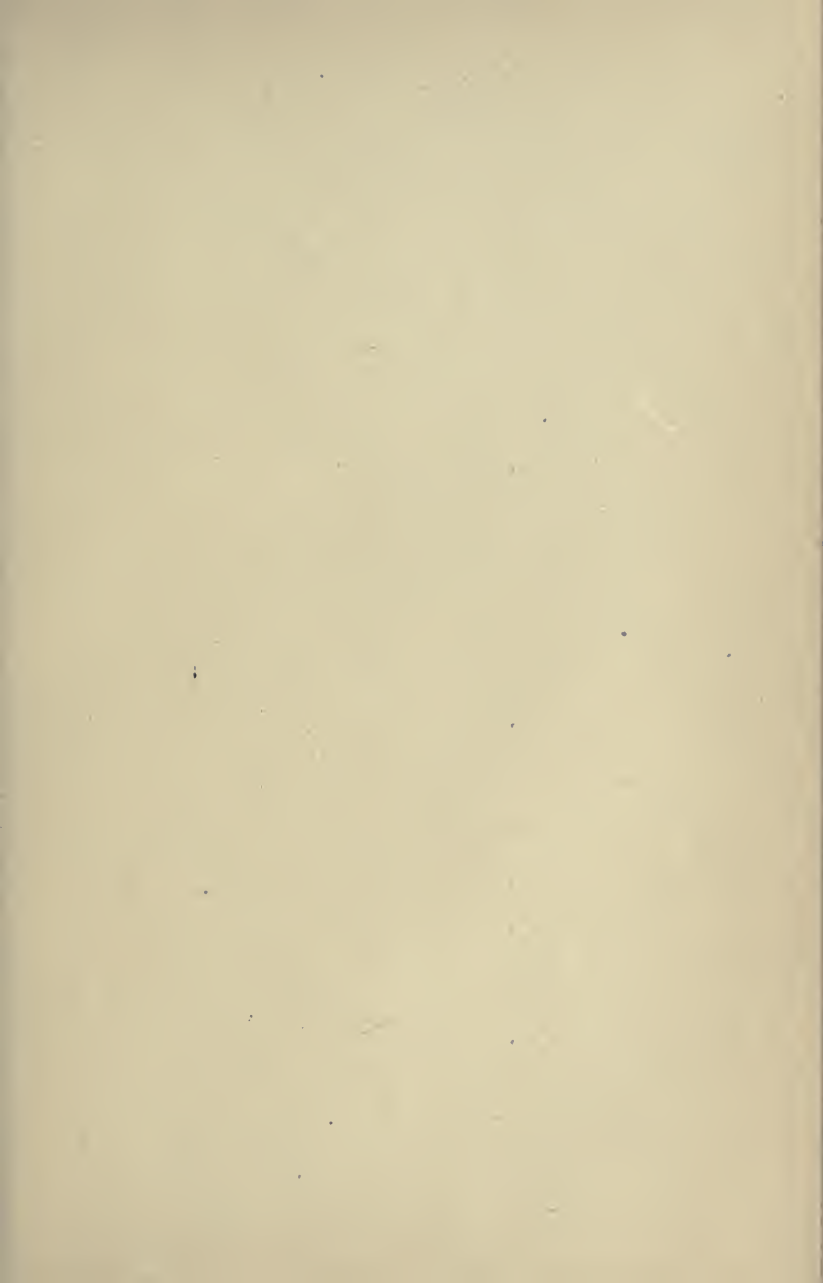










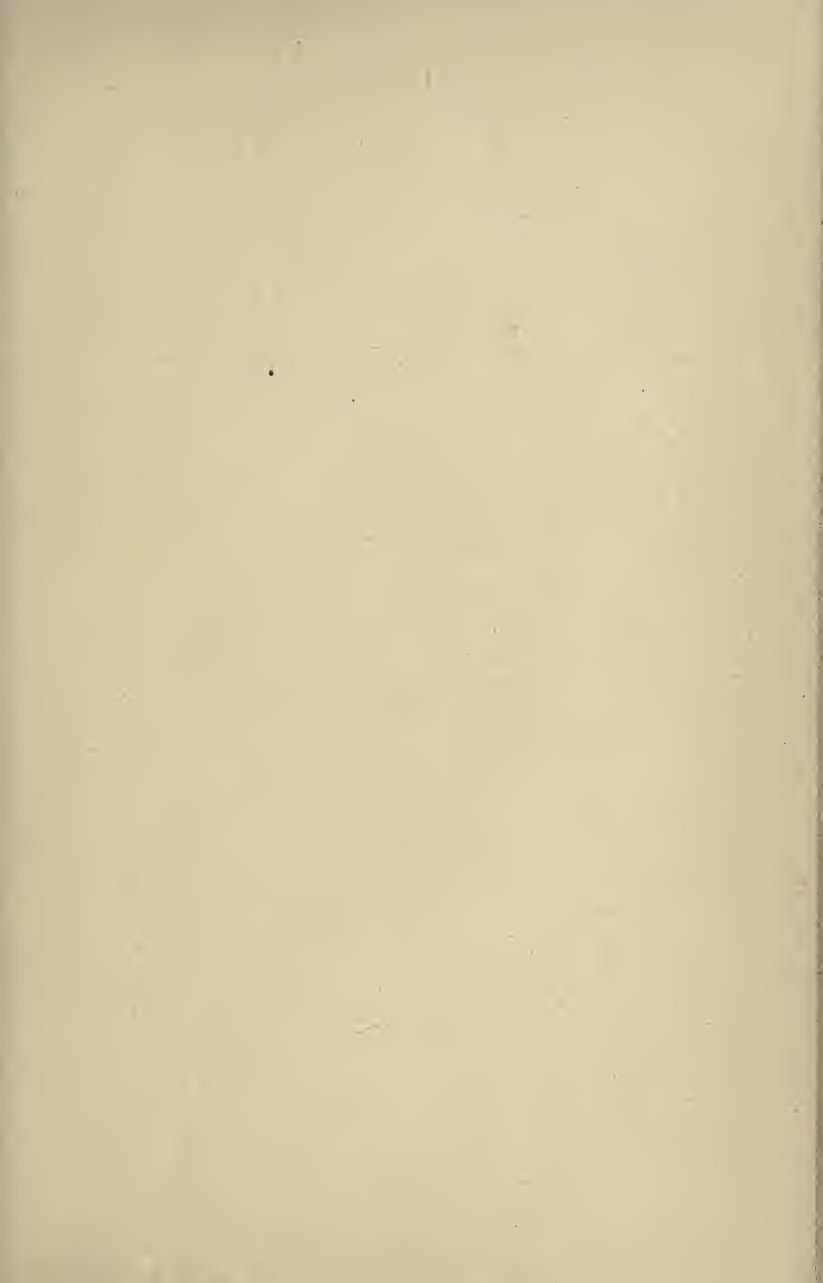




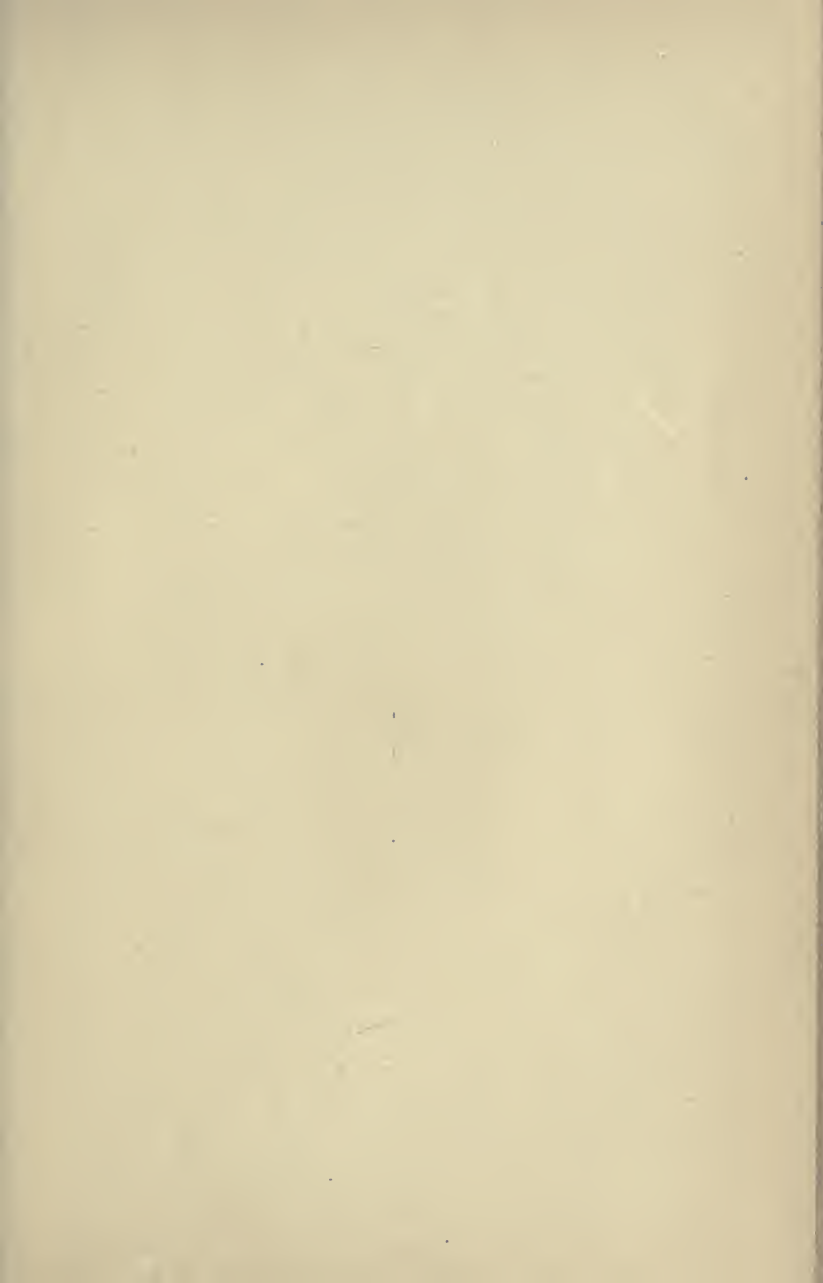


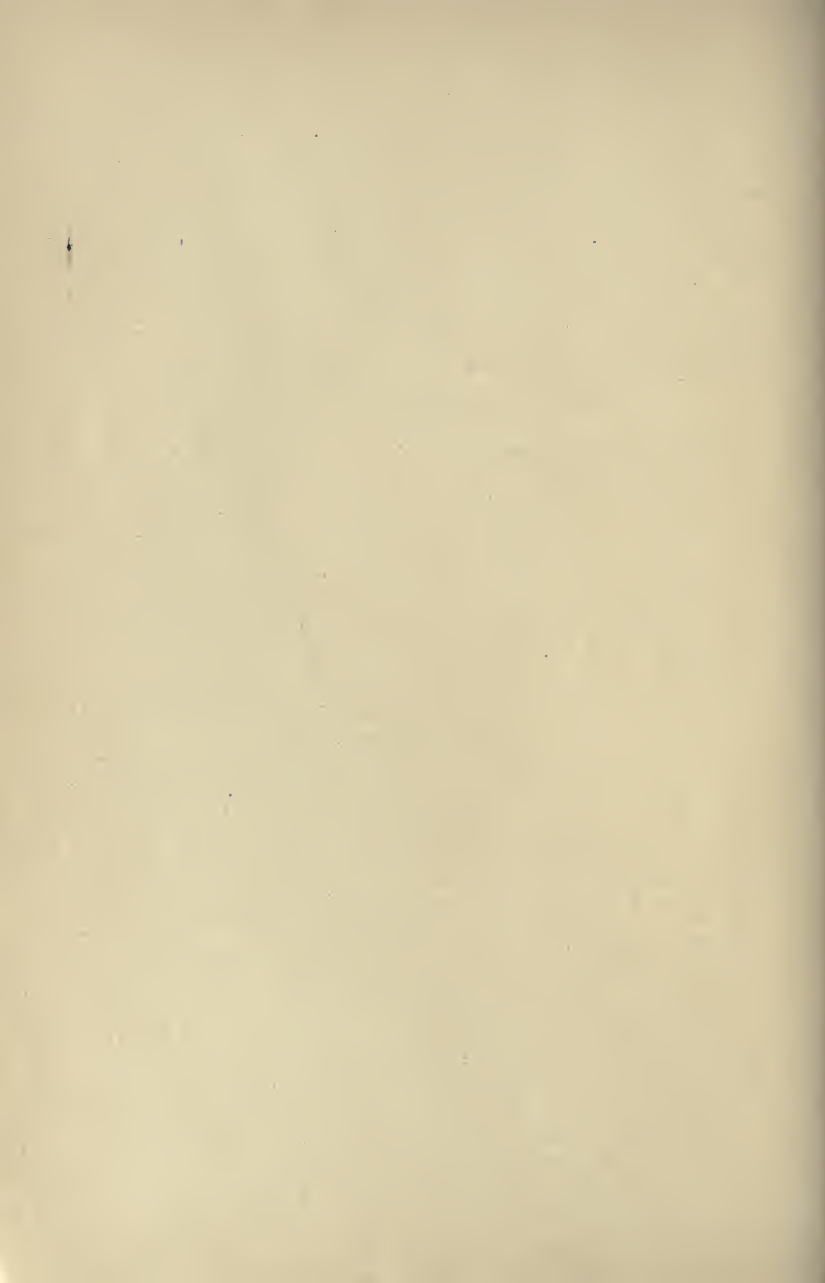






















































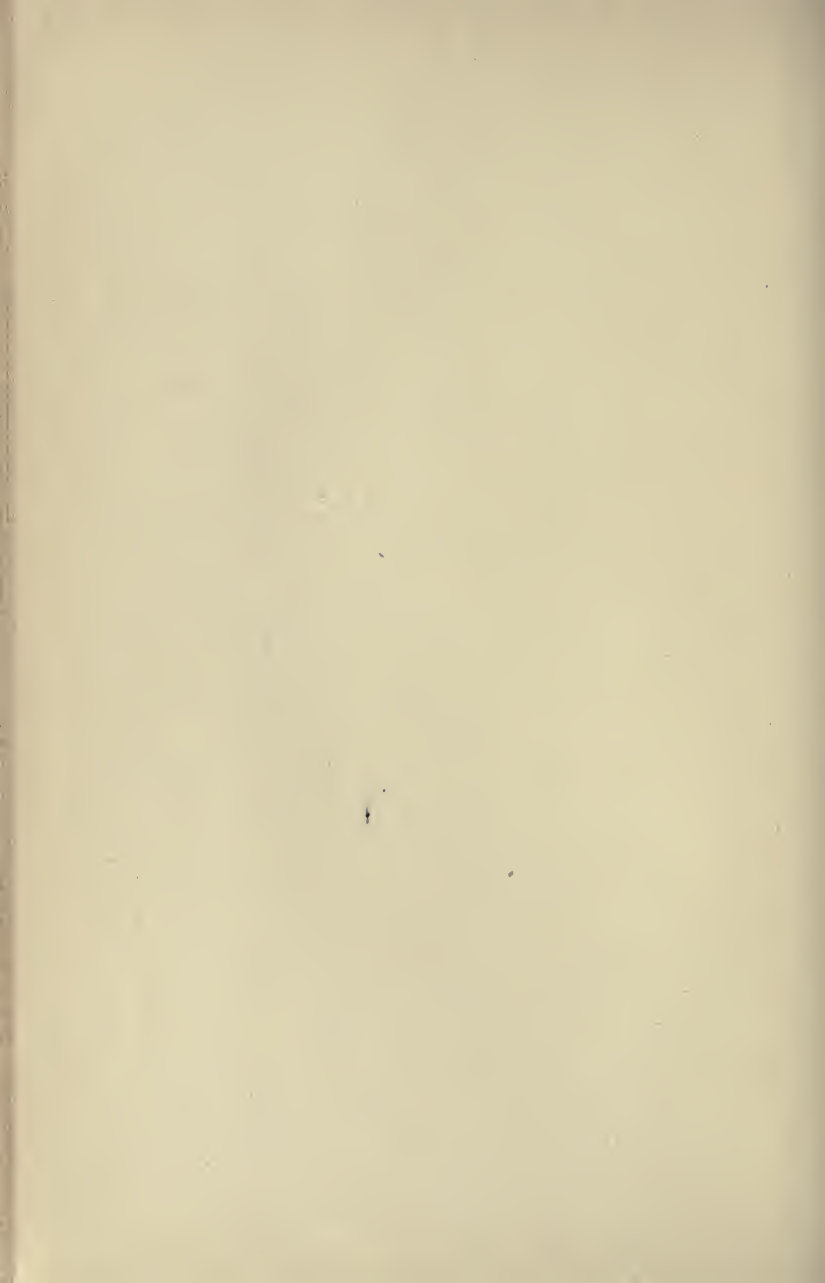










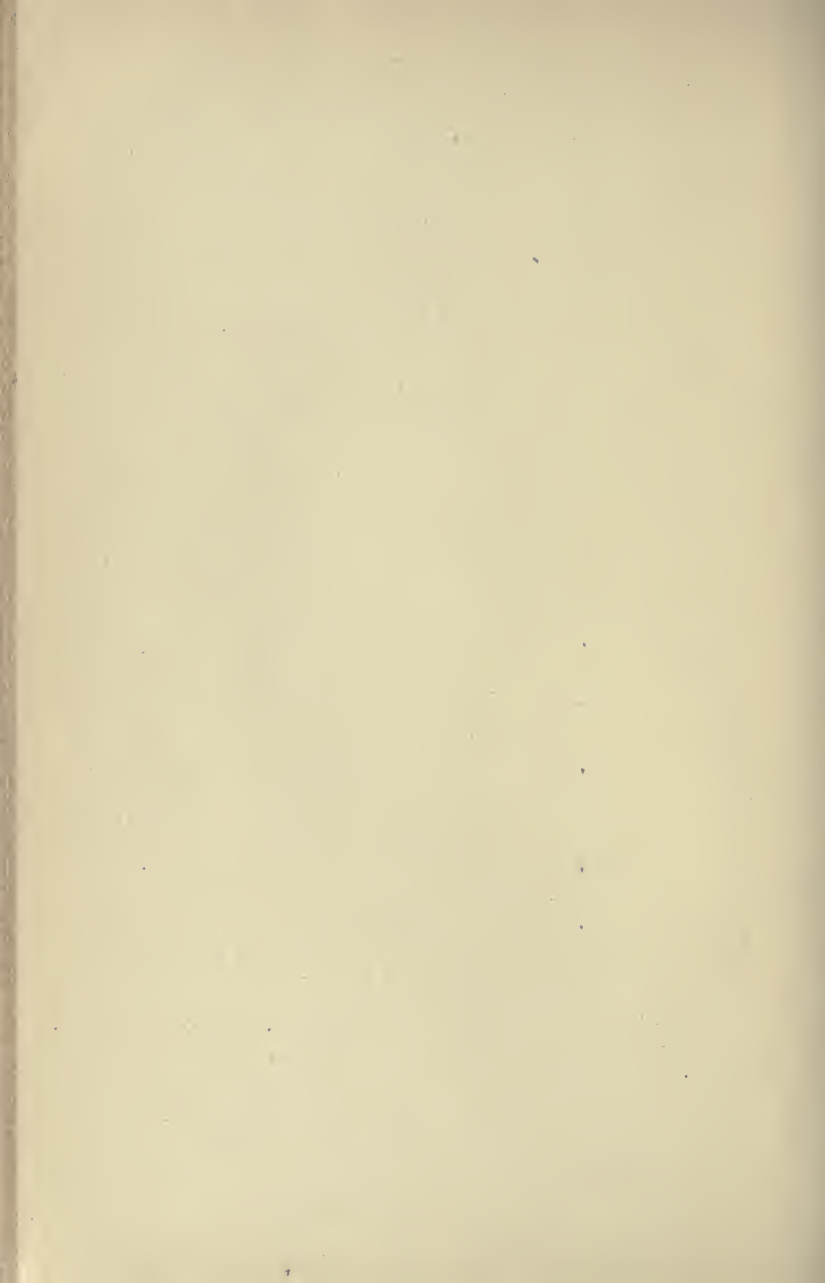




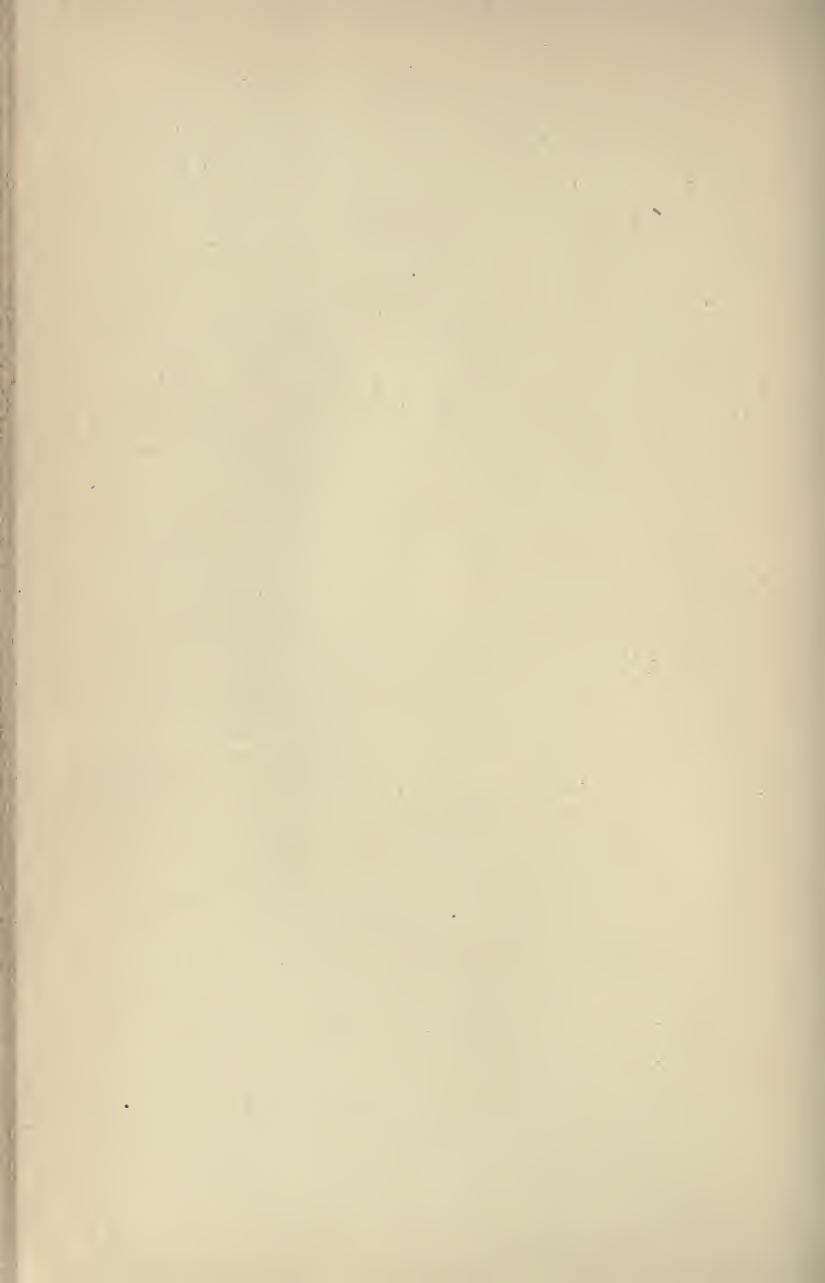




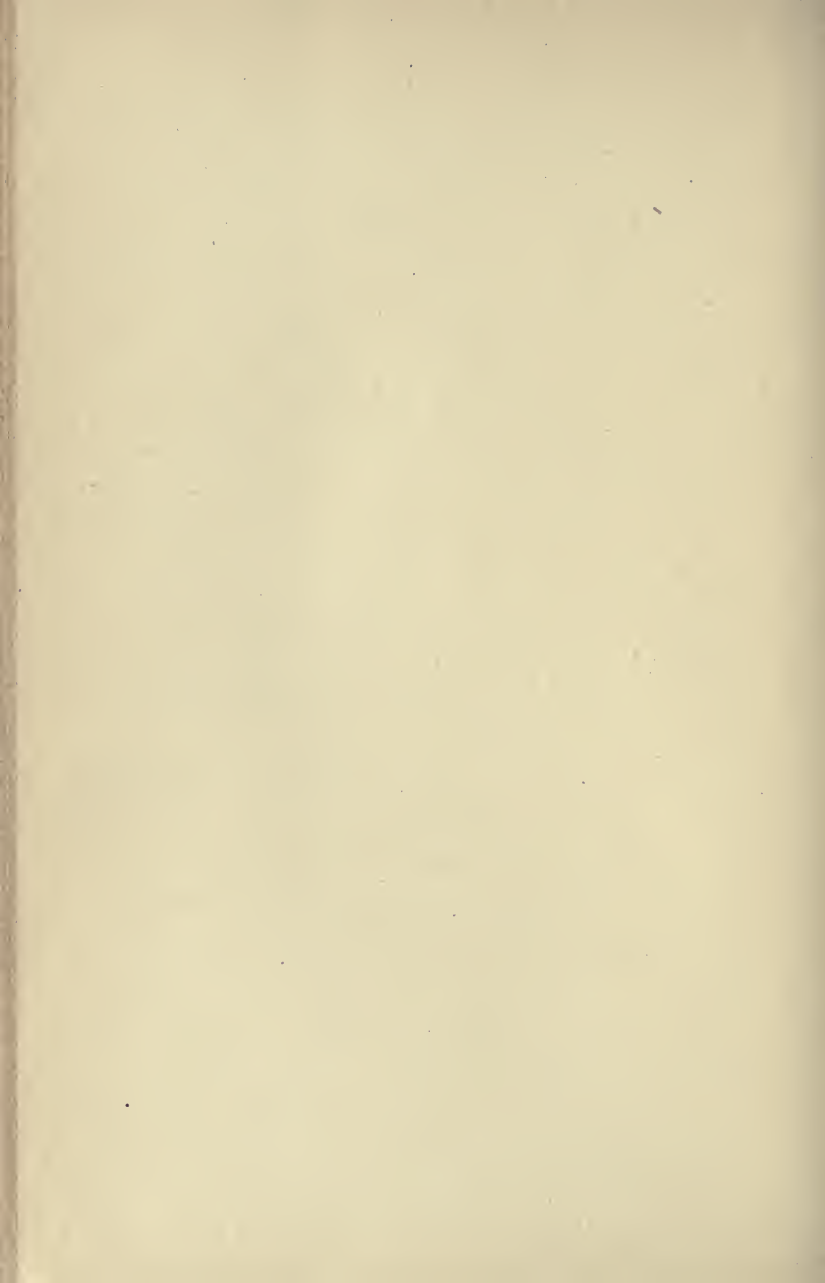




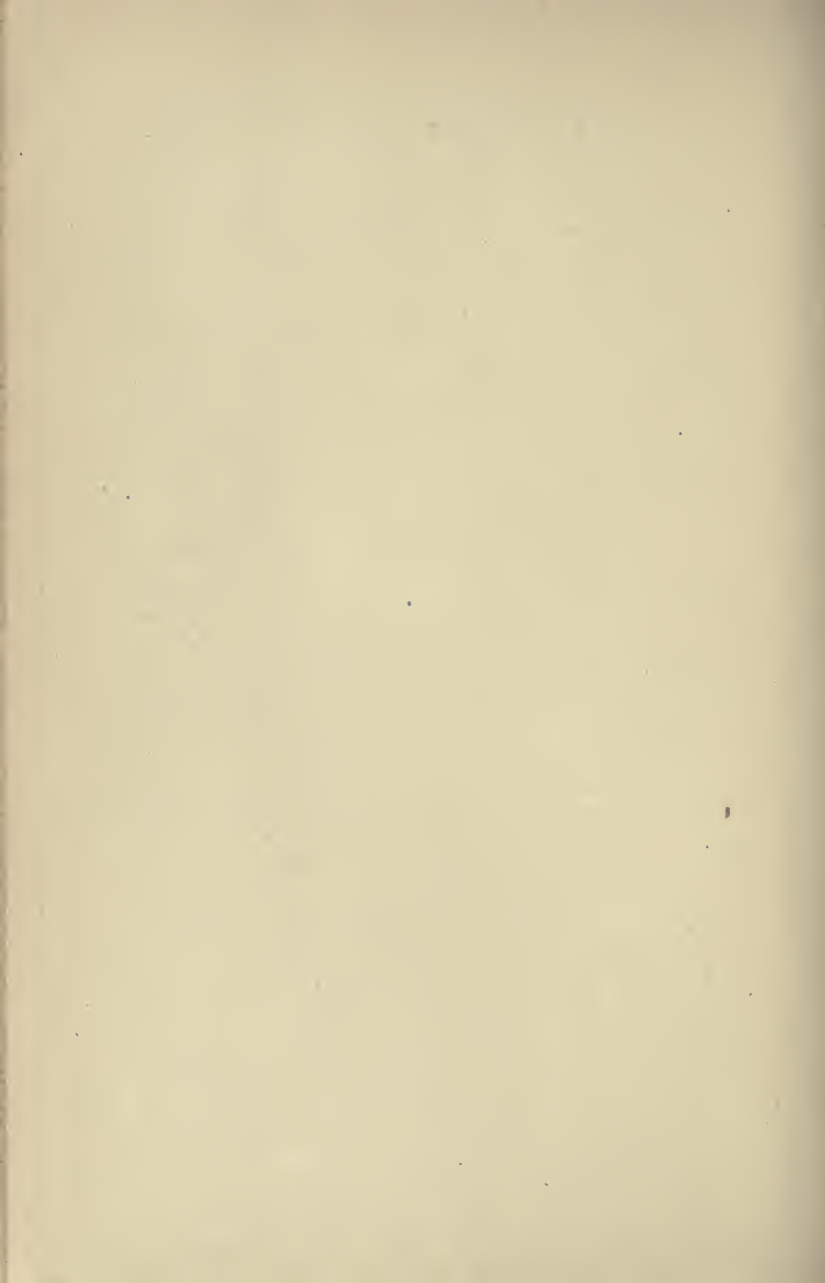


















































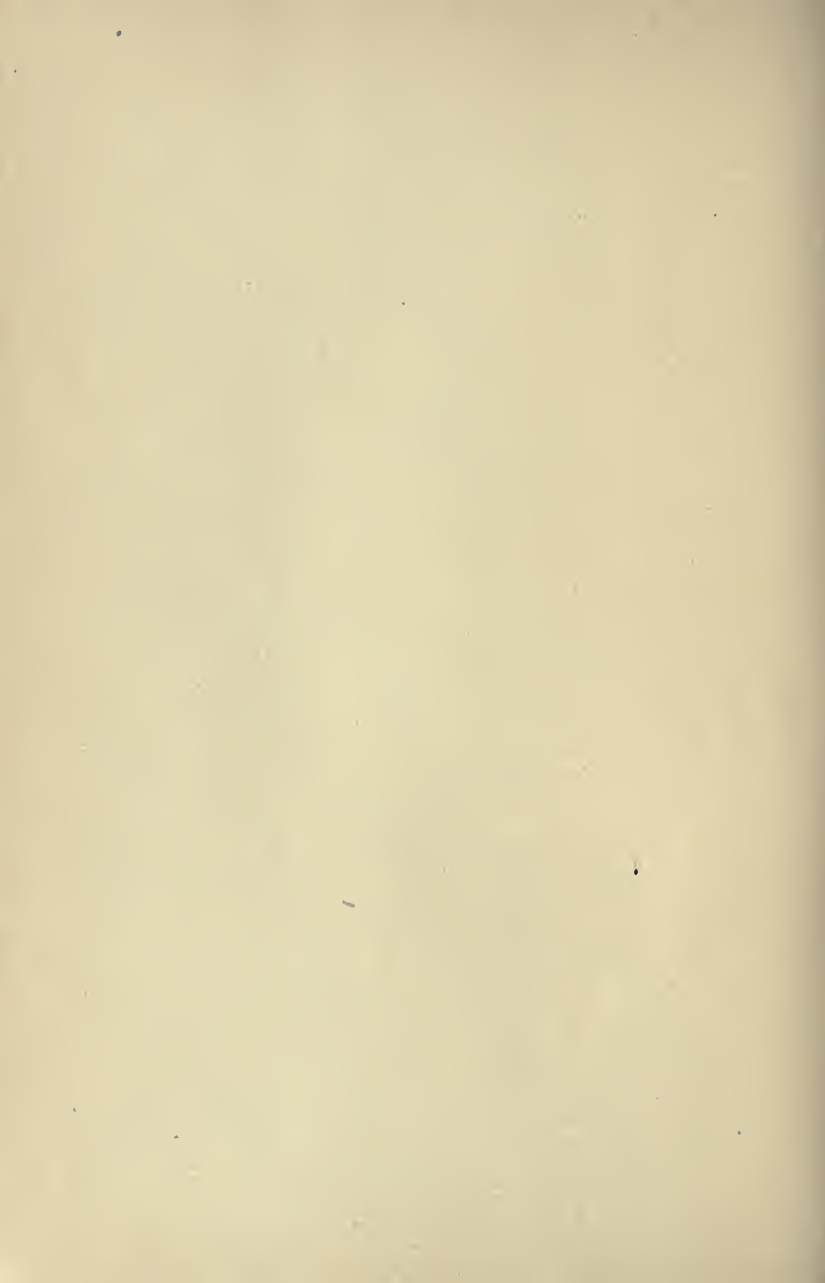
























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