

FACTORY INDUSTRY

AND

SOCIALISM.

BY

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THE “Kapital” of Karl Marx is a book more discussed than read. General readers are content to look at the abstracts contained in Mr. Rae’s or M. Laveleye’s book, and finding there some sharp criticism of its theory of value, do not take the trouble of going further. But the better part of Marx’s work is quite independent of this theory. It contains a history of the Factory System in England, based on Blue Books, and this part is of very great value both to historian and economist.

In the following paper I propose to show what, to my mind, remains true in Marx’s critique.

Of his theory of Value there is not much to be said. Briefly, it is this: labour is the measure of value. This labour must be understood as socially necessary labour; that is to say, the labour “required to produce an article under the normal conditions of production, and with the average degree of skill and intensity prevalent at the time.” This labour must be embodied in a commodity whose utility is recognised by the social opinion of the time and place; labour spent on things not so recognised does not add value. Granted these conditions, articles will exchange in proportion to the quantity of labour embodied in them.

The best that can be said for this theory is, that it emphasises one side, and is, to a great extent, true of articles “reproducible at will” under the factory system. But it is quite inadequate as a sufficient law.

- I. It omits the factor of scarcity or difficulty of attainment, although that factor appears in such great classes as land and land products, minerals, goods produced under natural or artificial monopoly, &c.
- II. It fails to show how head labour can be reduced to a common denominator with hand labour, or skilled

with unskilled ; and also what measurable part is played by the labour that calls in great natural powers.

III. It takes socially necessary labour as its measure, but takes no account of the masses of goods that are produced under cost ; that is to say, at wages under the decent subsistence level.

IV. It neglects the fact of experience that, even when goods are reproducible at will, the action of supply and demand makes price-oscillate now on this and now on that side of the level of labour, while many goods are permanently "cut."

V. It takes no account of the element of time elapsing between the many processes that connect the raw material with the finished article.

VI. It is inconsistent in putting forward labour as the sole measure of value and afterwards bringing in the *result* of that labour as a condition.

These are a few of the reasons for which the best economists, German and English, have dismissed the theory as insufficient. It might be pointed out that, as an *ideal* theory of value, as distinguished from an economic theory that must explain the facts of every-day business, it is by no means ridiculous. It is a law of our being that our capacities only grow in exercise, and that healthy congenial exercise of capacity is the best condition of happiness. But it is also the condition of the greatest conceivable social wealth that each should get work suited to his capacities, and devote himself mainly to that. If this were possible to all, the true reward of man's life would evidently be, not in what he made, but in the life he led during his work. The best conception then of society is, where each person should realize himself in all his powers of body and mind to the utmost extent, and should throw the product of his work, thus happily conditioned, into the common purse of his community, realizing himself most perfectly in giving his life-work for others. In such a community labour would be the measure of value ; for wealth would be distributed, not by results, but by the time of work that each gave. Products of equal times of work would have equal exchange value.

It is fortunate, however, that Socialism does not stand or fall with this as its economic theory of value. One may hold almost any theory of value, and yet adopt Marx's conclusion that, in the

industrial world of to-day, the large share of the reward that nature and society never refuse to labour has fallen, and must fall, to the few—the owners or disposers of capital.

It must be admitted at the outset—and it is very regrettable—that Marx nowhere, so far as I know, credits the capitalist with anything but honest stealing. If by capitalist we are to understand employer, and if our conception of the employer is that of the Captain of Industry, then it is as absurd to deny the function of the capitalist as it would be to deny a function to any other captain. But every one knows that there is an ambiguity in the word capitalist. It covers at least two distinct classes—the owners of capital and the users of capital. If then we inquire what Marx means by capitalist it may make us more just to his view.

Marx's capitalist is the ordinary manufacturer who tells you frankly that he is in business to make money. He is honest as things go. He merely wishes to have as large a business as possible, to get as good profits as he can, and to pay his workers the lowest wage they will accept. He looks on his business as his own individual concern. He has no idea of rational restrictions on profits. And, lastly, he looks on labour as a commodity, and applies to it the rule that regulates the price of other commodities—buy in the cheapest market. What is the lowest price that labour will accept? Evidently it is that determined by its cost of production; the amount of necessities, comforts, and conveniences necessary to keep the labourer in life, and enable him to rear a family;—for the human machine wears out like other machines, and requires to have reproduced its value before it wears out altogether. So the lowest level to which wages can be reduced, as a rule, is the level of unskilled married labour. If the capitalist, then, can keep wages down to this level, he can lay hands on all that the worker makes over that consumed in reproducing his wages. If he gets three shillings a day of wages, and if he consumes three shillings in raw material and wear and tear of tools, and during the day turns out an article that sells for nine shillings, then the capitalist gets three shillings of profit. To use the Socialist language, he “exploits” the labour of the worker to the extent of three shillings or 100 per cent. The word “exploit” is a very significant one. It conveys the double idea of using and using up; in a somewhat scientific way it suggests robbery, and so is as grateful to the revolutionary as it is unpleasant to the capitalist. These three shillings, then, Marx

calls Surplus Value ; it is value produced by labour and not paid for.

The typical capitalist, then, of Socialism is the man at the head of the business, who owns the capital, and does nothing more than pay wages to managers, foremen, and men. The question immediately arises whether this is a true description of the average capitalist or not. So far as my experience goes, I would say that most large firms are composed of a number of partners, of whom one usually does the work, while the others have a position which is more or less ornamental—at least not worth what is paid for it. Emphatically Marx's description does not apply to the organiser and working head of the business, for in the present system of industry he is absolutely indispensable. To the remaining partners, probably, Marx's description does apply. If we admit the Socialist contention that there should be a connection between wages and work, it is difficult to see why any man should get 10 per cent. simply because he is the son of his father.

I am not sure that the position of this bad capitalist, as we might call him, is different from that of the shareholder in a limited company, who draws from it what is called a dividend. The word dividend gives us no indication of whether this is considered wage, interest, or profit. So, although it seems absurd, we must ask the question : When we get a return from a manufacturing company of 10 per cent. is that interest on capital, or is it profit ? Or is some of it interest and some of it profit ? Can we separate interest from profit ?

The fact is—interest and profit are not two funds but one. They both come out of new wealth—new wealth born of the past, added to the former wealth ; just as the hundred-fold return of grain in harvest is a new wealth created out of the old seed. Wealth, in general terms, is the progressive adaptation of the environment to the wants of man, and is the product of two factors—natural forces and human labour. In modern industry these two factors are set to the work, as it were, through the mediation of capital ; that is to say, the power of labour—the power that man has over nature—is enormously multiplied by capital in its shape of machinery, and as that command becomes greater, mere hand-labour plays a smaller and smaller part. Now, if new wealth is the result of nature and capital and labour working together in continually varying proportions, it is evident that we cannot, *à priori*, make an equitable division of this new wealth into three parts, and say—

one part is due to labour, and is wages ; one part is due to the use of capital, and is interest ; the remaining part is due to labour of the employer, and is profit. But, in point of fact, we do make a division.

As regards wages, there is always a standard of customary wage, varying of course from time to time and from trade to trade, and we pay according to that. Marx would say that the standard is definitely fixed, not by custom but by necessity. He asserts that wages are, as an average, never much more than enough to support the labourer in life, and maintain the average family. We shall consider this later. Meanwhile we do know that, whatever the total share that falls to the joint workers, an unskilled labourer will get no more than 18s. to 20s. a week.

As regards capital, the remuneration is also fixed. The competition of accumulating wealth and the competition of new uses for it determine a price which becomes recognised as the normal rate of interest. In general terms, it is the price that men are willing to pay rather than do without it. We take as our base line those uses of it that carry no risk, or almost none, and above that the interest rises with the risk. We say, for example, that 3 per cent. is the return for an investment as safe as Consols. We may say in the same way that 4 per cent. is a good return for property, and perhaps $7\frac{1}{2}$ per cent. for an ordinary manufacturing company.

But when the returns from our investments are above that, and are not accounted for by the risk run, there is no other name for the extra return but profit. And one of the questions of Socialism is : Where does this profit come from, and whom is it paid to ? One answer may be given thus :—If interest, properly speaking, is the price that the workers are willing to pay for the use of capital, then profit is, either what the workers cannot help paying, or what they do not know they are paying. Profit, then, according to this answer, is the exploitation of the workers ; and this is the answer of Socialism.

To go back for a little, let me try to put in a few words the rationale of interest. If, of two men, one works for a week to provide both with goods, and the other works the next week for both, there is an equal barter of labour, and no question of interest emerges. If, of these two men, one is strong enough to force the other to work for both, and give up a portion of the product, that is not interest ; it is either slavery or robbery. If the one man lends the other a quarter of corn, and if the borrower,

having sown this corn, gets back from the ground in harvest just a quarter of corn, and no more, and returns this quantity to the lender, there can be no question of anything further as interest. On the contrary, it might be said that the worker rather deserves to be paid for having preserved the corn over a year, when otherwise it might have been consumed by rats or damp. But if such were the usual result of labour, of course there would be no borrowing.

If, however, the borrower find, as result of his harvest, that he has ten quarters of corn, is there not a claim here of the lender for something more than the return of the one quarter he lent? Assume first that, judged by the standard of the time, these nine quarters gained are no more than a just remuneration for the borrower's work. Then the lender, we shall say, has no claim to interest. If he does claim it, it will be a forcible deduction—the interest will have been taken out of the life of the worker. But suppose the result of the harvest is twenty quarters, here are ten quarters that are not due to the labour of the borrower. Has the lender still no claim? Or suppose the heavens send a harvest of a thousand-fold, does it all belong to the man who put the seed in the ground, and nothing to the man who owned the seed? In the same way, if a capitalist lend a sheep and the borrower feeds it and in due time gets the natural increase of the species in the shape of lambs, it is clear that the lambs at least are not all due to human labour, and it seems reasonable that the lender should get back something more than the sheep.

It was the exclusive looking at this aspect of the matters that led to the theory of the Physiocrats of last century. They held that all wealth comes out of the ground, that labour expended on the land was the only productive labour, and that from this natural increment came interest and profit.

Now let us see if this justification of interest also applies to manufactures. In a manufacture you do not sow cotton and reap yarn, nor yet does yarn produce more yarn. As a fact, manufacture always deducts; the yarn is less than the cotton it was made from; the cloth weighs less than the yarns that compose it; whereas, as we saw in agriculture and husbandry, there is a multiplication of substance. In this respect, then, there is no natural interest in manufactures. Does it follow that any interest accruing to capital is wages stolen from labour? By no means. For what is added by manufacture is not

quantity indeed, but it is the quality of utility. Manufacture takes two products that in separation are valueless, or of little value, but simply brought together are of human use. But it does much more than this;—it takes a substance from nature, valueless, or even poisonous, as it grows, employs natural forces on it in particular ways, and produces something that was not in existence before—a new utility, a product desired by man. Now, as I have pointed out, the respective parts played in manufacture by natural forces and by human labour, enter in very varying proportions into different products. It is clear, then, that the man who supplies that which gives power over nature, supplies something whose rewards are out of all proportion to the labour employed; and this is the justification of interest on capital employed in manufacture. The utility added by it is so great that there is generally enough and to spare for him who lends the tools and the borrower who uses them.

— The utility added by merchant industry is not substantially different. When one takes goods from where they are not wanted to a place where they would otherwise be wanting, the wealth added to the community is enough to pay the worker and pay interest to the one who arranges the conveyance. The productive labour of the merchant is both negative and positive;—negative, in that it prevents wealth produced from being wasted; positive, in that it allows the worker to give all his time to production.

This, then, is the rationale of interest; and I hope it makes clear that it is impossible to say, *a priori*, what part is actually due to capital as the power of superior tools over the environment. All we can say is, that some return is due, and that its proportion is determined by the relation of supply and demand.

We shall assume, then, that interest on capital is a fair and useful thing. This the Socialists allow. The question with them only is as to who shall have it. Suppose that our manufacturing company hitherto has paid a dividend of $7\frac{1}{2}$ per cent., and that, on account of the risk that such a company always presents over a public security like Consols, we may count this as no more than a fair interest. But this year it pays 10 per cent. Where does the other $2\frac{1}{2}$ per cent. come from?

If it were a private concern that was in question, the answer would be simple. A private employer working with his own capital, deserves to get on that capital, of course, the usual rate of interest without work, which we have assumed to be $7\frac{1}{2}$ per cent.

But beyond that he properly asks his own wages. Into the account of these wages he puts such items as the following :—Cost of early education and apprenticeship ; wear and tear of mind and body ; anxiety and worry ; risk, not only of losing capital and being held for debts, but of losing reputation ; cost of reproducing another race of employers as well educated as himself.

This is the justification of what is called Profit. Mill called it Wages of Superintendence : not a very good expression, but noteworthy for the acknowledgment it contains that profits are wages—that is to say, presumably, reward for work done.

Beyond these items, however, the employer does claim all that his genius or his care enables him to get out of nature over what other men working in the same field can get. Whether this is a legitimate claim or not may be questioned. In the following case it would seem vindicated :—Suppose that a farmer, from much study of the weather, sees rain coming, and puts up his stacks before they are quite dry, risking this danger against that of not getting in his crop at all ; and so saves his grain while his neighbours lose theirs. Here is an extra reward fairly earned, not at the cost of anyone. The farmer has won a profit out of nature, by the sweat, not of his brow, but of his brain.

But undoubtedly most of the extra rewards gained as profit are either got by outwitting and getting in front of other men, or by the use of inventions. As regards the former, there are immense profits made where no new wealth is produced, but old wealth transferred from pocket to pocket, or where wealth produced is appropriated by one instead of being divided among many. As regards the latter—"invention calling wealth out of the waste"—it is too well known that it is not usually to the inventor, but to the one who can make use of the invention before others, or monopolize it, that the great rewards fall ; just as the prizes of gold mining do not fall to the discoverer of the gold, but to the monopolizer of the ground.

Whether, however, we yield this extra over the wages of superintendence to the private employer or not, we at least understand the ground on which this profit is claimed by him. It is got by his special ability, and by work of one kind or another.

But in the case of a limited company earning a 10 percent. dividend, when interest is calculated at $7\frac{1}{2}$ per cent., there is no such source of profit. The $2\frac{1}{2}$ per cent. divided among the shareholders has come out of some one's work, and is got by keeping back some one's wages.

It is not necessary to suppose that it is got by keeping back the ordinary worker's wages; it is more likely, on the whole, to be the wages of the manager or managers, or even, by chance, the directors. The phrase "keeping back," too, need not imply any condemnation of the act. If the $2\frac{1}{2}$ per cent. extra profit has been made by the exertions of the manager, the answer may very well be this: "It is a case of contract. We, the shareholders, pay the manager a fixed salary, in consideration of which he makes for us an unfixed profit. If he were in a position to guarantee us a fixed interest of $7\frac{1}{2}$ per cent., and take the risk of the profit as his remuneration, it would be a parallel case, and probably as acceptable to us."

Or if it be the unpaid wages of the managing director out of which the profit comes, he may answer in the true spirit of a Captain of Industry: I am a salaried officer of a regiment; my duty is to do the best I can for my company; if the company succeeds under my leading I have a reward that cannot be priced in precious metal. So one may hope that, before Socialism becomes necessary, the typical capitalist will be the man who counts that, the more responsible and the more honourable his position is in the "war against bare backs," the less pay he needs; and whose conception of the proper division of rewards will be that, as it has been made by all the workers in proportions that cannot be well gauged, so it is safer for an employer to raise his wages than increase his profits.

If this is true we shall have to say that shareholders in companies earning more than what we have called interest, get all above the interest level from the unpaid labour of some one or some class. This surplus value, too, we see, may be justifiably taken on the ground of contract. But there is every reason to think that this profit is, in most cases, taken out of the earnings of those who do not know it, or cannot help it: in short, that the contract whereby the shareholders get 10 per cent. and the managers a salary, and the ordinary workers a bare living, is a one-sided contract made with helpless or ignorant men. This is the Socialist contention, and I may put it for clearness in another way.

If men are working in a field and get a certain return from that field, every honest worker is entitled to have his bare living out of it. So much, at least, without interpreting providence, we may presume from the continuance of man on the earth

So long as nature returns no more than this there is no question either of interest or profit. But say that the heavens are bounteous and yield a surplus, the question emerges : In what shares shall this surplus be divided ? The answer may be given : Part of it is due to the man who lends tools, for he has multiplied the power of human arms ; and part of it is due to the man who has brought the workers from other places in due proportion, and has set the plan on which to work, who knows what kind of seed is needed and what kind of manures and labour to apply, and who, finally, finds a market for the crop.

But all the workers are necessary to the cultivation of the field, and surely if there is a surplus it is not all due to these two men. There is one factor that has been forgotten, and that is the most important one—the co-operation of nature. If nature do not give sun and rain how is any one to get anything ?—for organisation and capital, after all, do little more than put natural forces in a position to work. On what principle can either capitalist or employer, or both together, claim *all* the surplus ?

Evidently the division is not made according to reason, but is determined by the circumstances of competition. The history of our country has made the labourer the most helpless of all the workers, and therefore to him goes the smallest share. The accumulation of capital has made the owners of it the next helpless class, and their share is being run down generation by generation. But the scarcity of men with brains has made the employer the king of the position, and therefore he can take all the surplus if he please. To call it wages of superintendence is exceedingly misleading, in so far as the word wages usually conveys the idea of a fixed remuneration. Now every practical man knows that, while there is a level of wages for any trade, and a level of interest for various uses of capital, there is no level of profit in any trade, and there is, certainly, not a level of profit over all trades. It is impossible to speak even of a minimum profit. Farmers and landowners have for some years been working for a return below bank interest. Manufacturers have been working at less, for the reason that capital once sunk in land, buildings, or machinery, cannot be got out, and it is better to work for nothing than to lose one's capital.

But even if we grant that the employer has a right to this surplus, it is evident that it goes very often to many people besides the one or two who actually do work, and in the case of a limited

company it goes almost entirely to those who do nothing but risk their money.

To this extent Socialism has no quarrel with the workers; it is with the idlers. And if the Socialist were merely to say that law in this case should do what competition sooner or later is supposed by some economists to do—compel the profit to be returned to the world in the shape of low prices,—I am not sure that any one but the idlers would much object; and the first part of the Socialist contention is that, even granting that interest is due to capital, and wages of superintendence to employer, there may be, and generally is, a surplus varying in amount. If this goes to sleeping or non-working partners it goes to those who have done nothing for it, and therefore to the one class that has no claim on it.

The second part of the contention is: That in the division of the surplus, whether that surplus is divided out among capitalists and employers, or among working capitalists and idle capitalists, one thing is certain, which is that the ordinary worker does not get *any* share of it. Whatever the bounty of nature, whatever the power of labour, the ordinary worker gets his bare living and no more.

The argument runs thus: New value must emerge in return to labour. The earth is bountiful enough to return to man much more than the sustenance he consumes while he is working on it, and as division of labour does not emerge till this ample return is secured, it must be that the manufacturing worker produces more value than he consumes. All normal labour, then, produces surplus value. This surplus value cannot always be taken from the worker. In a new country, like America, wages are always at a comparatively high level, because the worker has access to land. If he cannot make as much in the town as he could make for himself in the country he will not work at the factory. Agricultural wages in such cases are the minimum of manufacturing wages. But in an old country, where land is scarce, and in a community where labour is organised in the most complex way, the power of capital over labour is an overwhelming one. And in an old country it seems impossible to deny that the working man's wage is never far from the level of necessary wages.

There are various ways of reading this Iron Law of wages, as Lassalle called it. Ricardo said that wages had a tendency to fall to the quantity of necessities, conveniences, and comforts that would

support, not bare life, but the life that had become essential to the worker through habit. Now it is possible, as it is in the highest degree desirable, that that level of habit should rise. So we should read the iron law in this way: Wages have a tendency to fall to the minimum standard of comfort. In proportion to the growing wealth of Great Britain, that standard of comfort to-day should admit of a two-roomed house for every worker who occupied a one-roomed house thirty years ago or so. I mean to say that as, on Mr. Giffen's calculation, wealth in Great Britain increases at the rate of 3 per cent. while population only increases at the rate of 1.3 per cent., the standard of the worker should be doubling in short periods. Is this the case with our workers? Mr. Giffen, in his two Essays of 1883 and 1886, has shown that the money wages of the working classes have risen from 50 per cent. to 100 per cent. within fifty years, while the price of commodities, as a whole, has materially decreased. This is very perplexing to those in great cities who work among the poor, and who certainly would never arrive at such a conclusion from their own observation. The solution may be found in that circumstance to which Mr. Giffen, I think, does not in these essays allude—the very great irregularity of employment. It is evidently one thing to take the rate of wages from a cashier's pay-sheets, and another to assume that the men get this wage steadily over the year. The well-known improvidence of the working classes makes a year's employment at the rate of 15s. a week a much more desirable thing than a six months' employment at 30s.

However, leaving that matter *sub judice*, and merely suggesting that the present crisis, which shows no sign of coming to an end, may have vindicated the tendency after fifty years, let us look at Marx's explanation, in which we shall probably find enough of truth without pressing his argument too far. Capitalism, he says, is not possible till the capitalist can meet in the open market what he calls the free labourer—free, that is to say, in the somewhat sarcastic sense, that he is free from all the encumbrances of property, from property in land especially. And this free labourer, instead of being in a position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour power which exists only in his living self. "Now, one thing is clear, nature does produce on the one side owners of money or commodities, and on the other men possessing nothing but their own labour power. This relation has no natural

basis, neither is its social basis one that is common to all historical periods. It is clearly the result of a past historical development, the product of many economical revolutions." What is the history of this development?

Once on a time this free labourer could not have been found. In the fifteenth century, when the feudal tenures had broken up, the labourer had asserted himself as the indispensable man. The owners, left with their acres, and with no force to compel their former serfs to work for them, were not masters of the situation. The labourer had the land to go to in times when the standard of life was low, and the peasant could make by his spade almost as good a living as his former master; for before this time wealth was shown, not by variety of luxury, but by wasteful multiplication of coarse abundance.

For generations after this the land remained in the hands of those who owned it—the yeomanry. At the beginning of the eighteenth century there were 180,000 freeholders in England, according to Gregory King. It was not till the reign of Anne that the enclosures began to take the land out of the reach of the peasant. By 1760 the yeomen had practically disappeared. This was the date of the industrial revolution. The discovery of steam as a prime motor and its application to machinery found a state of matters favourable for factory industry. It found population pressing upon food, the people ground down by taxation, and the peasants in great distress. In fact, the new system found great bodies of men to whom this opening up of wage-paid industry was a true godsend. Great Britain had got divided, as it never was quite divided before, into rich men and poor men.

This is the historical origin of the free labourer. The present position, in which men and women in great towns are at the call of any capitalist who will hire them, is the natural evolution of this. The question that Marx puts, then, is: "How have the working classes remained at such a low level of wages in face of all the rush of wealth that came with factory industry?" We may object to the statement that the average working wage is at the "necessary" level, but it is impossible to deny that the accumulating wealth has been very badly distributed indeed, and that it would have been good for civilisation if the comfortable classes had had much less and the working classes much more. For answer to his question, Marx refers us to the Factory Inspectors' Reports from year to year,

and one must admit they are very ghastly reading. From these reports he seeks to prove the following points.

I.—For many years after factories were in full operation there was no attempt to fix a normal day of labour. If, then, the employer succeeded in crushing down the worker to the subsistence level, the longer the day the better for the employer. If the worker reproduced the value of his wages in six hours, and the capitalist could get him to work twelve hours, the capitalist got the surplus value made in six hours. If he could extend the working day to fourteen hours, it was two hours more of surplus value. The struggle against the compulsory regulation of the normal day was accordingly very bitter. The reports show clearly how well the mill-owners understood the value of these over-hours. Professor Senior in 1837, when the hours of labour were eleven and a half per ordinary day and nine on Saturdays, undertook to prove that the whole net profit was derived from the last hour. The act of 1850 was only carried by the aid of the landed classes, acting out of revenge for the part played by the commercial classes in abrogating the Corn Laws. Every attempt to shorten hours has been met with the most strenuous opposition and with prophecies of ruin to the country. Even now we hear the cry that our ten hours' day of work for women and youths is putting us out of the running with countries like Belgium.

II.—As law interfered to fix a normal day of labour every effort was made to reduce the cost of production of the worker himself. It is acknowledged that the capitalists, as a class, did carry the abolition of the Corn Laws. Marx attributes their action to the knowledge that cheap food meant less wages. If the worker was able to reproduce his wages by five hours of labour instead of by six hours as before, the employer could get another hour of surplus value out of him by keeping down his wage to the same subsistence level as before. Thus, he says, there has always been a well-founded opposition of interests between the landed and the capitalist class. The obvious objection here is that Marx would have to show that prices were not reduced in the same ratio as wages. There is, in fact, great reason to believe that the better part of the "surplus value" has all along gone in low prices.

III.—Another way in which the capitalist could retain the surplus value taken from him by the compulsory shortening of hours was by increasing the intensity of the labour done in these hours, "raising the productive power of the workman so as to enable him to produce more in a given time with the same expendi-

ture of labour." This was done in three ways--by piece-work, by the sweating system, and by the introduction of machinery. Let us take these separately :—

(a) Piece-work, says Marx, comes first in the disguise of a blessing to the working man. It is a payment by results ; and so it commends itself to the best class of workmen. But mark its effect on the whole body of labour. Where possible it leads to prolongation of the working day and the overstraining of energy. In all cases it raises the average of the intensity of work. The men who are strong work for ten hours at high pressure, make a good wage, and perhaps are none the worse for it. But it kills out those who are less able to stand the strain. It reflects on those who are working by time wage, and is a thorough check on them. It compels that the average of work of all kinds be brought up to the high average of the strong workman tempted by high wages. Thus, in time, it fixes the average productiveness or intensity of labour, and then the wages are reduced all over—piece wages as well as time wages.

Now this looks almost like diabolical ingenuity, and to ascribe it to capitalism seems to be overdrawing the picture. But I have had in my own experience this case, for instance: where an agreement was come to between a private firm and a trade-union of men working on the piece, that the workers should get all they earned at the rate of, say, 6d. for the piece, but whenever the wages of these workers came up to 35s. a week, the price of the piece was to be reduced to 5d. This meant, in common language, that whatever the workers added to product they should not get more than 35s. for it.

(b) What is known as the sweating system has peculiarly effective ways of evading legislation and adding to profit at the cost of wages :—

1. If a woman is allowed to take things home to make up, she is removed from factory restrictions ; she may work as long as she likes, and in any unsanitary conditions she likes ; and she may work her children at any age.
2. By scattering the workers over a wide area and out of all knowledge of each other, the system forbids any possibility of union for mutual defence ; it therefore admits the maximum of competition between the sweated workers, and puts them in unfair competition with factory workers.

3. Under it employment becomes necessarily more irregular, as no fixed capital is kept idle although the worker is unemployed.

(c) When the day of labour was shortened, says Marx, and the capitalists had prophesied the ruin of the country, they found an escape in speeding up their machinery. Spindles running at 3,000 were found to be capable of running at 6,000 revolutions and upwards a minute. Frames were packed closer, and flats made wider, so that the same worker could superintend perhaps double the number of spindles that she did before. Thus, while the product for equal times increased, an immensely greater strain was put on the energies of the workers, and wages did not perceptibly rise. Probably we shall agree with Marx when he says: "There cannot be the slightest doubt that the tendency urging capital, so soon as a prolongation of the hours of labour is once for all forbidden, to compensate itself by a systematic heightening of the intensity of labour, and to convert every improvement in machinery into a more perfect means of exhausting the workman, must soon lead to a state of things in which reduction of the hours of labour will again be inevitable."

But all this is a small matter in comparison with the possibility that machinery gives of replacing adult labour by the labour of women and children, or of replacing human labour altogether. It is impossible to deny that the most marked tendency of the present system is to replace hand labour by machinery. This requires no proving. Economists, indeed, have too long tried to smooth this away as an inevitable incident of progress; they have said, that though the introduced machine at first displaces labour, yet it cheapens production; the cheapened price of the commodity brings in larger demand; and gradually as many people perhaps are employed in making and tending the new machines as were displaced; and then the worker thrown out of employment has the advantage of buying the product he formerly made for perhaps half-price—a benefit he will appreciate if it is an article of luxury! Having said this, economists should have stopped here, but too often they went on to glorify this tendency as actually setting free a number of men to produce other articles by which the world is enriched. This would be true if the man dismissed in favour of the machine had only to go round the corner to get another job. But who does not know that the man thrown out of employment, in times like the present, will scarcely find persons to employ him?

He has to walk the weary streets till he gets accustomed to them; he has to send his wife to work and his children to beg; he loses his skill by not exercising it; he gets accustomed to eat the bitter bread of charity, and perhaps to the charm of a wandering life; and when work comes in his way, our workman has lost his most precious possessions—his independence and his self-respect. As a mere matter of national economy it would be well to bestir ourselves, to see if there is not some means of keeping our unemployed from the fatal trade of “loafing.”

IV.—The last circumstance that enables the capitalist to keep the worker down to the lowest level is the tendency to irregularity of employment, and its concomitant—the formation of an industrial reserve. Whatever the causes that produce it, we know that good times are now regularly succeeded by bad times, and one of the great problems of the day is to find out the cause of this. My own explanation is that production increases faster than demand—in this way, that we overproduce in every department before we know that there is overproduction. Then we tempt consumption by reducing prices instead of seeking the only permanent remedy of finding other branches of production that are wanted. To use a simple analogy: it is, in effect, as if we had all been living on cakes and ale so long that the producers thought they could not produce too great a supply of cakes and ale, and, having overproduced, they should try to remedy it by selling double the quantity for the same price. All the while the community would have been glad to eat meat and drink wine, but no one giving a hint of this, the bakers and brewers go on producing desperately, till the wealth of the community is embodied in cakes that go to rot, and in ale that grows sour before it is consumed. But whatever the explanation, we have times when capital is sunk in establishing new undertakings, and extending old, and when every available hand is employed, succeeded by times when men are thrown on the street, and wheels stand silent. Then it is that the workers go on the tramp in search of any work, and compete with those who are happy enough to be still in work. It is this competition of unemployed with employed that enables the capitalist to reduce his wages to the level of subsistence. One would have hoped that such a chance would not have been embraced. I have put this case to more than one employer: “If you had a gang of labourers working at 18s. a week, and found you could replace them by others who were willing to come in at 16s., would you accept the

offer?" I am sorry to say the answer I got showed that they were aware of the principles of the old political economy.

Well, this industrial reserve in our midst assumes the form of a permanent force—a continual menace to good wages. It is recruited from those who are thrown out of work by bad times; from those replaced by machinery; from those replaced by cheaper workers. It is a force that works steadily against Trades Unions and makes union among the lower grades of labour impossible. The advantage that the capitalist gets in replacing human hands by iron ones—obedient workers that will not strike nor require the consideration one must give to the human worker—is of course enormously increased by the fact that men can be replaced by women and children,—mere attention to a machine being generally unskilled labour requiring little strength. Women and children cannot protect themselves by combination. The law interferes to protect them so far on this very ground. It seems true of women's wages at any rate, that it has been possible for the capitalist to keep them down to the lowest level. But this is by no means all. In the Ricardian theory, for all its harshness, the worker's minimum wage was supposed to be enough to keep himself, his wife, and the average of four of a family. But if now the household is all set to work it becomes possible to give all six workers a collective wage, which is only the equivalent of what the head of the family was supposed to get. Thus capital gets the labour of six persons for the wage of one. "Previously," says Marx, "the workman sold his own labour, which he disposed of nominally as a free agent. Now he sells wife and child. He has become a slave-dealer." If one considers the number of households to-day, where the children are the only breadwinners, there seems some foundation for this.

The first contention, you will remember, was that too much has been going to the class that least deserved it—the non-workers. The contention I have now been explaining is, that too little has hitherto gone to those whose work is the longest and dreariest, if not the hardest. One could go much further than this, and say that hard work does not necessarily deserve the highest pay. It might reasonably be contended that congenial occupations, like the professions and trades that require varied energy, are already paid a good wage in the happy life they afford, and that the highest wages should perhaps be paid as compensation, to those whom our social system condemns to do the dirty, and unpleasant,

and least human work. Adam Smith thought that a coal miner deserved high wages, but that was in the 18th century, and the same opinion is not likely to come again before the 20th.

We now come to the much heavier arraignment of Factory Industry as it affects the life of the worker. And here, if I am not mistaken, there is more undoubted justification of Socialism.

Is it always good that man should be replaced by machinery?

I. It is good in so far as it cheapens commodities, and gives the consumer the benefit of low prices. Low prices are by no means the unmixed blessings they are usually assumed to be. When they come along with irregularity of employment, there is some reason to suspect a relation of cause and effect between them. We have to remember, too, that the channel of distribution of wealth to the people must be that of wages—selling labour, not buying goods. But so long as wages are steady, a general fall in prices is one of the most beneficent effects of machinery.

II. It is good in so far as machinery lightens the toilsome work of man—the work that is not good for body or soul, but work that must be done. There will always be plenty of this work if you consider, for example, how much of our modern civilisation depends on the trades of coal-mining and explosives. Anything that releases man from such work is good.

But if it be still true, as J. S. Mill said in 1848, that “it is questionable if all the mechanical inventions yet made have lightened the day’s toil of any human being,” it is evident that to some extent the liberating of wealth has meant the enslaving of man. As Emerson said, “things are in the saddle and ride mankind.” In binding the worker to a heavier life of toil in order that wealth may be produced in abundance we have forgotten the old warning,—“the life is more than meat.”

Unless a man’s business is such as he can put his whole being into, work is not an end but a means. It is an education and a discipline towards living, and, of course, indispensable to it, but it is not life itself. Man’s birthright and his end is to realise all his powers of mind and body, and to build up a character in the action and reaction of the spirit on its conditions. Anything that checks development of capacity has given a wrong direction to life, has subordinated the worker’s life to the advantage of someone else, has made man a means and not an end.

But the factory system has made true work impossible to immense classes of people. It has reduced the worker skilled all

round to the worker who is only skilled in managing a particular machine, and so has taken the first condition of art out of the man's life. It has abolished the long apprenticeships that used to make a man able to turn his hand to anything, and that at a time when it is necessary, as it never was before, that a man should be able to change his trade. It has made work, consequently, monotonous, and forced the worker to violent reaction in after hours among surroundings that make healthy recreation impossible. It has condemned the many to life in the city, among ugliness, and foul disease, and the leprosy of crime. It has taken our country lasses from the village, and tempted them to crowd into single rooms unfit for human dwelling. It has forced our factory girls to live in conditions where innocence is impossible, virtue difficult, and early marriages indispensable. Is there not some reason for the Socialist contention that our beautiful and refined life of the West-end is based upon the slavery of the East-end?—no less slavery that we call the labourer free, and give him the glorious privilege of refusing to work.

The effects of factory industry on women are not sufficiently realised by their own sex. Whatever may be our disputes about the limitation of the sphere of woman, we are all agreed, I think, that her sphere is first and foremost the house—when she has a house to look after; and that she need only look out for other spheres after she has attended to this one, or when she has no house to attend to. Whether the life of a factory girl, leaving her home before daylight and returning three or four hours before bed-time, is a good training for a housewife or not, is open to question. At any rate, there is no getting over the fact that if children are to have any chance of healthy life, mothers must bear them, and nurse them, and attend to them up through the early days of childhood at least. We are probably all agreed that mothers should only be employed in factories as a matter of mercy. Perhaps it would be a greater mercy absolutely to forbid it, as Mr. Jevons proposed, rather than that some of them should be driven to work to feed their starving children, because the current demand for work is not demand for the husband's work but for unskilled labour and cheap labour. It is a mere question of supply and demand after all. If the employers find that wives are clamouring at the mill-gates to be taken on, and will work at any wage, they will be taken on; and when men are thrown out of work it will represent itself as a kindness to take on the married women as the only breadwinners. But we

go too fast if we imagine it is only out of mercy that such women are taken on. In a speech of Lord Shaftesbury on the Ten Hours' Bill occurs this terrible passage :—" Mr. E——, a manufacturer, informed me that he gives a decided preference to married females, especially to those who have families at home dependent on them for support ; they are attentive, docile—more so than unmarried females—and are compelled to use their utmost exertions to procure the necessaries of life."

And what can we say of the children's labour? Happily, the horrible things that were done by employers in the days before the present Factory Acts are impossible now. Perhaps the best education in Socialism would be the reading of the Report of the Children's Employment Commission in 1863-67. It is almost unbelievable that little things of three and four years old should have been pressed-in to work in brickfields ; that children of seven should have walked twelve to fifteen miles daily carrying loads on their heads ; or have lived night and day in match factories, whose very atmosphere was poison. It is as unbelievable that, only a few years ago, gangs of children and young persons of both sexes were marched round the country and herded at night promiscuously into one or two apartments. Yet these things were done ; and they are written down and vouched for in the Blue Books of the British Parliament ; and these wrongs were perpetrated by our fathers, who went to church and thanked God they were not as other men are, as piously as any City Bank director. And when we are told that such things are impossible now, and that the Factory Acts are old-fashioned, I hope the present generation will have these Blue Books read to them from every pulpit in the kingdom instead of morning lesson—or as a commentary perhaps on Christianity.

As I said, however, these things are meanwhile impossible, but one must fairly put the position of the children still. We persuade ourselves that to work half-time does no harm to a child, and that to work full-time does no harm to a young person after the age of thirteen and passing the Fifth Standard. Well, think of our own children of the upper classes, as we call ourselves—an expression very much to be deprecated. There is only one thing that gives a man any claim to call himself one of the upper classes, and that is the possession of the higher culture ; and the higher classes, such as they are, possess this higher culture because they are able to remain at school or college to the age of sixteen, seventeen, eighteen, and twenty-one years, or even later. What education

does a child get by the time it is thirteen? It has not begun; it has scarcely laid the foundation; and its future depends on whether it goes on to build on that foundation or not. However bright the child is, it will not go on to build unless it is compelled to do so: and most assuredly it will not go far if it is working hard from six till six. Who could expect it? It seems as if we had to open our eyes very much wider and compare life in the West-end and in the East-end a little more closely. When we do, we shall probably agree with Mr. Mundella's latest utterance that we should "rather raise the age at which a child should work, protect the children, and train them physically and mentally."

So much, then, for Marx's critique. If it is not a justification of Socialism, it is at least a powerful arraignment of *laissez faire*. The next question would naturally be: What is the remedy that Marx proposes? With that, however, I have nothing to do in this paper. One thing must be said of Marx. He was no demagogue, but a quiet-loving scholar. His animus was against capitalism, not against capitalists. Throughout he took the philosophic view of the continuity of history. He looked upon the evolution of capitalist industry as an inevitable incident in progress, as humanity working out its own ends in the calm, cruel way of nature. For capitalism was the natural evolution of steam and machinery. It had to show all that was in it before it was superseded. It has done great things. It has shown how workers can live and perpetuate and multiply on half-a-crown a day. But out of this come two possibilities. Either the worker may support himself by a few hours' labour, or the capitalist may hire him, pay him his half-crown, keep him working long hours, and sell the product for 5s. This latter possibility, says Marx, has been developed first, and has shown what was in it by the accumulation of wealth in the hands of the few, and by the wreck it has made of the humble worker in Great Britain. But the very greatness of its success is bringing about its fall. The growth of wealth caused by capitalism will soon make capitalism impossible. At first it put the worker at the mercy of the capitalist; now it is putting capital within the reach of every worker. Its cruelties brought in the Factory Acts, and these Acts gave the workers leisure to combine for defence, and form the trades-unions that are gradually covering the whole field of labour. The wealth it brought made life at a very high level possible to a few, and the few coming to understand what life means to him who has fair conditions are opening their eyes to the wickedness of foul ones. Its "necessary

wage" broke up the working man's family, and sent women and children to work. By so doing it has raised the whole question of woman's sphere and woman's work, and given "a new economical foundation for a higher form of the family, and of the relations between the sexes."

Capitalism, as an historical evolution, has thus done its work positive and negative. It has given the world boundless possibilities of the perfect life, but in developing tendencies that are exclusive, and would keep this perfect life within reach of the few, it has brought us towards a higher form of industry.

There often comes a time in the career of nations when powers granted in simpler days for the common good are found to have passed into vested interests and sinecures. They are often defended, not on the ground of history and prescription, but by appeals to justice, natural laws, and so on. But when a nation awakes, it finds that, after all, the safety of the people is the supreme law, and the people sweep away the old barrier and sweep over it. If it is found that the wealth which generations of workers have handed down to us, by some historical development has got into the hands of the few who use it for themselves, it is only a question of time till the many assert their claims to it. Compulsory Socialism is perhaps not so far away as we think. If we are putting equal political power into the hands of every man, while three-fourths of these men have nothing to lose, but everything to gain, from an overturn of society, we may expect an experiment in overturn. If the majority declare for a "new divide," there is no question of right or wrong, of robbery or justice. The minority will only be able to assert their rights by might. The result would inevitably be the swing round of a democracy to a tyranny—the whiff of grape-shot on the streets, followed by the dictatorship of a Napoleon. It would be wise before that time to see if there is not something wrong with our present system, and if there is not that in Socialism that is eternally true.

The eternally-true thing is that we are all members of the human family, and that it is a family, not an anarchy of competing units; that society is an organic body, ruled by a divine purpose to a divine end; that that end, we may safely say, is the rise of all men to the highest life, the life of culture. If this culture can at present only be attained in conditions that belong to the few, it lies with the few to raise their fellows by leading them, or—to stand out of the way.

It is impossible that, in a world where the Christian idea is in

the air, the present system of distributing wealth can be thought permanent. Civilisation demands a better apportionment of work to capacity, and of wages to work.

There are two ways in which this problem, now pressing upon all thoughtful persons, may be solved. Carlyle pointed out the one way long ago, in his stirring words addressed to the Captains of Industry. They, he said, were now the only aristocracy, and to them the people must look for leading and organising. Work must be regimented, chivalried; masters and men bound together, not by cash payments only, but by honour and loyalty, with due share of the varying reward secured to all the workers. How would mere red-coated regiments, to say nothing of chivalries, fight for you, he asked, if you could discharge them on the evening of the battle, on payment of the stipulated shillings—and they you on the morning of it? All human interests in this world have at a certain stage of their development required organising, and work—the grandest of human interests—does now require it. When such time comes, to be a noble master among noble workers will again be the first ambition with some few; to be a rich master only the second; and by degrees we shall again have a society with something of heroism in it, something of heaven's blessing on it.

The other is the way of Socialism—restraints put on unlimited competition, the organisation of industry recognised as the chief function of the State. It must be remembered that we have for some time entered on State Socialism in such things as the Post Office and Telegraphs, Irish Land Bills, and so on. It is likely that the State will be asked to go much further. Practical politicians even now are considering the nationalising of great natural monopolies, as railways and banks. But of schemes of Socialism there is no end—from that of Rodbertus, who thought it would take 500 years to nationalise capital, to that of the anarchist, who thinks it could be done by making a clean sweep of the present capitalist. There is just a chance that it may be tried—and be attended with most unhappy failure—if increasing irregularity of employment makes the lot of the masses more unendurable, the flame of revolution throwing a fierce light on human suffering, and the enfranchised workers thinking that numbers are strength.

If, in the near future, we do not take Carlyle's way of it, if the idea of the responsibility of wealth and of the duty of organising labour for honour and not for reward, do not take hold of the richer classes, we shall have to prevent the revolution by leading it.