

The Economics of Labor

(Continued from last issue)

We have arrived at this then, that commodities are produced simply for exchange, exchange carried on purely for profit, and yet, as commodities exchange for equal values there is really no actual profit made in exchange. Whence then does it arise, this mysterious increase which is the be-all and end-all of capitalist production and private enterprise? It arises from the exploitation of labour; it is made, not in the market, but in the workshop and the factory.

Labour-power is a commodity, and, like other commodities, it exchanges in the market at its cost of production in human labour. That is, the labour-force of the labourer is sold in the free and open labour market, at what it costs to produce that labour-force. We have no slavery here. "Britons never will be slaves!" The free British workman is not sold, neither does he sell himself. He brings into the market his commodity—the only thing of any value which he possesses—his power to labour, the labour-force which is embodied in his person. There is nothing in the world to compel him to sell this labour-force—but sheer necessity. He can keep it if he likes—and starve. But "il faut vivre," and although others as well as Talleyrand may not see the necessity, it is this very necessity to live which makes it imperative on the otherwise propertyless labourer to sell his only valuable possession, his one ewe lamb, his labour-power. But he has no monopoly. There are other laborers in the market, equally ready, equally anxious, to sell the same commodity, with the result that this, like all other commodities offered under similar conditions, generally exchanges at its cost of production in human labour. So much food, clothing, and shelter, all produced by labour, is necessary for the production and maintenance of the labourer, and this forms the basis of the exchange value of his labour-force. Stated in other terms the basis of wages is the cost of subsistence of the labourer. This is called the "iron law of wages," with reference to which I shall have something to say later. At present we are considering the source of surplus-value. The labourer sells his labour then, on the average, as all commodities are sold, at its normal exchange value—its cost of production. But the amount of wealth which the labourer produces in the time for which he has sold his labour-force, is out of all proportion to what it costs to produce and maintain his labour-force for that time. This, the difference between what he produces and his own cost of production, is surplus-value, and is taken and divided up by the capitalist into rent, interest, profit. This surplus-value then, this profit, is so much robbery effected by taking advantage of the necessity of the proletariat—the naked, propertyless labourer. But, you say, the labourer is perfectly free, he made his own bargain, it was a free and open contract, how can it be described as robbery? I do not want to use unnecessarily harsh terms, and remember, I am not attacking individuals, but attempting to describe the working of the actual economic system. Your political economists talk of freedom of contract; but there can be no freedom of contract between the man who must sell or die—who is forced by sheer necessity to, like Esau, sell his birthright for a mess of pottage, so to speak, and the man to whom it is a matter of indifference whether he buys or not. The labourer is forced by necessity to sell, and as a consequence gets, on the average, but a subsistence in return. All over and above the cost of subsistence belongs to his exploiters—he has what he has bargained for, his wages. What right has he to more? In the result there is, generally speaking,

no relation between the value of a man's work, between the value of what he produces and what he receives. What he receives is governed, not by what he produces, but by what he must have to live to go on working. It is sometimes urged as an objection to this that wages vary in different countries. Precisely, and this, which at first sight appears to disprove, really goes to prove the truth of the theory I am propounding. Although it is sometimes sought to show that the labour of some men is vastly more productive than that of others, it is fair to assume, and facts and experience go to prove, that there is nowhere such a difference in the productivity of labour as would account for the extraordinary difference in wages. The British workman is doubtless the finest fellow on the face of the earth, as his pastors and masters tell him when they want to keep him contented; but he cannot do twelve times as much work as the Chinaman. Yet the latter will work for fourpence a day, while the former wants four shillings. The Chinaman gets fourpence a day because he has learned to live on fourpence a day. When you have taught the British workman to live on fourpence a day—if capitalism continues—he will get but fourpence a day, although he may do just as much work as he does today. There is, of course, a constant effort on the part of workmen to force wages above this subsistence level, and frequently they do rise above it; but at the same time, as with all other commodities, competition is constantly operating to force down the price of labour-power—wages—to its normal level.

Once you have clearly understood the working of this economic law, this "iron law of wages," this fact that the return to labour is governed, not by the productivity of labour, but by its cost of production (which in my humble judgment is the central fact in the economics of labour) you see how useless are many of the proposals of your social reformers, and how fallacious are many of the teachings of your political economists.

Remember that the operation of this law is imperative and inexorable as long as present conditions obtain. It is no use appealing to the sense of justice of the capitalist. He, as capitalist, is in duty bound to buy labour, as well as other commodities, as cheaply as possible. If he is so noble minded, so quixotic, as to pay an artificial price for labour, the economic conditions, which, like the Almighty, are no respectors of persons, have no mercy on him, but relentlessly thrust him on one side to make room for another less scrupulous than himself.

To preach temperance and thrift to the workers may be very well. From the point of view of abstract morality the practice of temperance and thrift and industry may be a good thing, but economically considered the practice of thrift and abstinence and industry not only does not advantage the worker, but is frequently pernicious. The practice of thrift and abstinence simply means for the workers reducing their consumption and ultimately reducing their standard of comfort—their cost of living and consequently their wages. To be industrious does not mean for the worker increased wealth and increased comfort, but increased production of surplus-value for the capitalist class, which surplus-value is being piled up around him in masses of overproduction which do not belong to him, which he may not consume, but which frequently condemn him to involuntary idleness, and, by intensifying the competition in the labour market, help to force down wages.

Recognising the inexorable working of these economic laws you will see how fallacious are the theories of political economists as to individual liberty, freedom of contract and free trade. How can there be freedom of contract between the propertyless proletariat—the labourer with nothing but his labour-power to sell and therefore compelled to sell

his labour-power—and the capitalist, with whom it is a matter of indifference whether he buys the labour of this particular individual or of some other?

What is the value of the individual liberty of the labourer who, being thus compelled to sell his labour-power must of necessity sell it for a bare subsistence without any regard to its productivity? Of what value is free trade when it only tends to cheapen commodities, and labour-power as well as all other commodities when by reducing the cost of production of labour it reduces its value in exchange? when by reducing the price of food it also reduces the wages of labour? Yet your propertyless proletarian is a sine qua non of capitalism. Capital, as you have seen, ceases to be capital if it ceases to produce profit. This profit is surplus-value—unpaid labour—the result of the exploitation of the proletarian. This exploitation is only possible with your free, naked labourer. If he were not "free" he could not sell his labour force, and if he were not naked of possessions he would not sell it for a bare subsistence. Thus the proletarian is necessary to capitalism and thus capitalism produces the proletarian which is necessary for its existence. Thus capital grows by what it feeds on, and thus labour becomes poorer the more it abstains and the more it saves.

You will thus see that not only is the poverty of the workers essential to capitalism but that capitalism maintains and intensifies this poverty so that all the well intentioned efforts of social reformers to mitigate its evils merely furnish capitalism with additional weapons. Temperance, thrift, industry, only serve to make labour an easier or more valuable prey to capital. If they reduce the cost of living in any particular they but reduce the cost of labour to the capitalist. Take education again. There is a growing cry for technical education, in order, it is said, to enable us to compete with foreign countries. What does this mean save that in those countries with which we are called upon to compete education itself is being exploited, that the monopoly hitherto enjoyed by skilled labour has been broken down by the spread of education, and that skilled labour is now on the same level as unskilled?

A recognition of these facts not only demonstrates the fallacy of many so-called reforms, but points the direction in which we should proceed in order to eliminate the evils arising from present conditions. We see that the mere cheapening of the cost of living only tends to reduce wages and thus cannot advantage the worker. We must, therefore, aim at raising the standard of life rather than cheapening the cost of subsistence. We must see that public money is well spent rather than that taxes are reduced, and that the workers are provided with better and healthier rather than cheaper dwellings, with more wholesome, better, and more plentiful, rather cheaper dwellings, with more wholesome, better, and more plentiful, rather than cheaper—and nastier, food.

Seeing that the operation of the laws we have been considering is inexorable under, and inseparable from, existing economic conditions, our efforts should be directed to changing these conditions rather than tinkering with their effects, to revolutionising conditions which divert the means of production from their proper object—that of producing wealth—and which convert them into capital—means of exploitation. We cannot change these conditions, we cannot destroy the class ownership of the means of production which lies at the bottom of these conditions by going back to the individual ownership of the middle-ages, but we must press on toward their collective ownership. Every step in social reform should be a stepping stone to that end, for the whole trend of the economic development is in that direction.

(The End.)