

The Economics of Labor

A Lecture delivered by H. Quelch to the Economic Club of the Borough Polytechnic Institute

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HERE can be no more important study than that of economics, and the members of this Institution are to be congratulated upon having formed a club for the consideration of this subject. I am not here to speak as an authority on this subject, or to lay down any dogmas. This is an age of enquiry, and there is no reason why authority, which is being so sharply questioned in other domains of thought, should hold undisputed sway in the field of economics. Yet people who have no hesitation in calling into question Moses and the prophets, seem to feel a thrill of horror if anyone dares to express scepticism in reference to any of the orthodox theories of political economy. Important as is the knowledge of economics, especially to working men, there is no branch of knowledge of which most people are more ignorant. Political Economy has been described as the "dismal science," and it is perhaps for this reason, because they find it so dull and dismal, that so many, even comparatively fairly educated people, are unacquainted with its merest rudiments. Why it is called the dismal science I do not know, unless it is that it has been used to attempt to justify what is most unjust and brutal in human society.

It is here that the orthodox economist has forgotten his vocation. An economist, as such, is neither an apologist nor an advocate, he is simply an analyst. And political economy, properly understood, because it explains the action of laws which produce much that is harsh and harmful, is no more a dismal science for that reason than is chemistry a dismal science because it affords a knowledge of the composition of poisons. Unfortunately the orthodox political economist has not recognised this. Generally he has approached his subject with a bias in favor of the bourgeois capitalist system. To him this is the only natural and righteous system, and he has taken upon himself to justify it instead of simply analysing it. To him this is the best possible system in the best possible world. Political economy therefore has been made to fit in with this view, and almost exclusively been presented from a middle-class standpoint. It is for us this evening to consider the subject from a working-class point of view, as the economics of labor.

One result of the false position assumed by ordinary economists is that you find as you pursue the study of the subject that you have to unlearn or reject as fast as you learn. In endeavouring to "square the circle," middle-class economists have promulgated so many fallacies and contradictions that it is more dangerous to accept any authority without strict investigation in this province of knowledge, than in almost any other.

One mistake into which economists seem to have fallen appears to me to be the assumption that the present economic conditions are natural conditions, and that the laws arising out of, or producing, these conditions, are as far removed from the influence of human action as the laws which govern the movements of the heavenly bodies. Now it seems to me that one of the chief points of importance to the study of economics lies in the fact that although many of the laws arising out of existing conditions are inseparable from those conditions, and are inexorable in their operation so long as their source remains unchanged, yet these conditions themselves are largely produced by mankind, and are susceptible of very considerable modification and change at our hands. While, given certain conditions, the laws arising therefrom are absolutely inevitable and inexorable, it is not impossible to so change those conditions as to bring into operation a totally different set of laws.

A study of economics is specially important, fur-

ther, because the economic conditions, that is to say, the conditions under which wealth is produced and distributed, are the basis of our social life and govern all the other conditions and relations of society. The political, the religious, the moral life of the community are all dominated by the economic—the material—conditions. Upon this material basis of life everything else must of necessity depend, wherefrom it results that economic dependence precludes social, political, or religious freedom. "He who owns the means whereby I live owns my life," to paraphrase Shakespeare. Where there is not economic freedom, political liberty is a mere sham and a delusion. It may not be impossible to secure economic liberty by the exercise of the mere shadow of political power which is possible in a state of economic dependence, but it is certain that this shadow of political power has frequently effected nothing in the direction of economic liberty, while it is equally certain that men have never long possessed economic freedom without effectually freeing themselves from all political, social, or religious disabilities. To the ignoring of this (as one would imagine) self-evident fact, that all phases of social life are based upon the material conditions, so many schemes of social reform owe their failure; and through a want of proper knowledge of those conditions, and the laws arising therefrom, so many social reformers have come to grief. I do not believe that any body of men has the right to claim a monopoly of sympathy with human suffering or the exclusive possession of a desire to remedy existing evils. There are doubtless many good men outside the ranks of Social-Democrats, who with sincerity and honesty of purpose, try to remove some of the wrongs they see around them. Their attempts are not only generally failures, but often absolutely mischievous, simply because they have been promulgated in complete disregard of the operation of laws necessarily arising from existing economic conditions. Probably this is one reason why Political Economy is called the dismal science, because it laughs to scorn the well-intentioned efforts of the philanthropist and the reformer—because its laws are unaffected by any mere moral and sentimental consideration.

We are this evening, then, to consider the conditions under which wealth is produced today. We are not, therefore, primarily concerned in condemning, excusing, or justifying those conditions, but simply examining them.

It is first of all necessary to clearly understand the terms we use. The term "wealth," generally speaking, includes all the material things which minister to human wants, which increase our comfort and happiness. Every material thing that is useful, desirable, and enjoyable is included in this term. To many people, and, I think, one might say, the great majority of our class, the term wealth signifies only money; wealth and money and capital are regarded as convertible terms. This is a mistake, and is due to a confusion of ideas arising out of the complexity of our social life. Wealth includes money and capital, but all wealth is not either money or capital. All capital is wealth, but money is sometimes only a symbol or token of wealth, and not really wealth at all. A man may be very wealthy and yet have no money, and he may possess a great deal of money in the shape of mere symbols of wealth and be at the same time poor indeed. Nor is wealth always the same. An article must be possessed of utility in order to be wealth. It will thus be seen that the very nature of wealth very largely depends upon circumstances. A ton of coal is wealth in these northern climes, but in Terra del Fuego it would be esteemed of little worth. With change of climate and taste and custom certain forms of wealth cease to be wealth, that is, they cease to be useful, while other forms of wealth are developed.

Capital, say political economists, is that portion

of wealth which is devoted to the production of more wealth, that is, wealth set aside for reproductive purposes. When I say that it is sometimes sought to include in the terms capital not only the grain used for seed and the fodder for cattle, but also the food and clothing of the laborers, you will, I think, agree that the definition is not sufficiently definite. For this, as well as other reasons, I submit that the proper definition of the term capital is: Wealth used for the production of profit. This is by no means the same thing. Wealth may be directed to the reproduction of wealth and yet produce no profit for the owner or user. On the other hand, profit is often secured by the destruction of wealth. The object of production today—the object of capitalist production—paradoxical as it may be to say so, is not the production of wealth at all, but the production of profit only. The good of capital to its owner is, not that it enables him to produce articles of utility, that with it he can produce things to satisfy human needs, but that it produces for him an increase—profit. It is only in so far as his wealth produces him profit that it is "capital" at all. That it may be used for the purpose of producing good and useful things is merely an incident and does not concern him. Its real function is to breed, to fructify, to produce profit. Whether it is used for the production of things good and useful, or of others which are mischievous and harmful, is of absolutely no concern to him as "capitalist." It may be shoddy clothing, bosh butter, leaden bayonets, or big game, that he is engaged in putting on the market, but the utility or the reverse of these things does not concern him in the least, so long as by producing them he makes for himself a profit.

When a man invests a thousand pounds in a commercial undertaking, he does so in the hope or expectation that at the end of a year his thousand pounds will have increased—will have grown. If at the end of the year there was still only his thousand pounds he would be dissatisfied and disappointed. He would feel that it had failed to fulfil its mission, that he might as well have kept it in his strong box at home. His only object in investing it was to get a profit. Now I want you to understand that just here we are not concerned with the approval or condemnation of this; we are simply engaged in analysing existing facts, and what we must all recognise as a fact is that the investment of capital is dictated by no desire to satisfy human needs; to, in the words of a pushing advertiser, "meet a long-felt want," but only to make personal profit for the investor, and that the true function of capital, therefore, is not the production of wealth, but the production of profit—a very different matter. This function to grow, to breed, to increase, has gained for capital an exaggerated importance in the eyes of bourgeois economists, who have come by long contemplation of this wondrous creative power which appears to belong to their deity, to regard capital as a sacred thing—but withal a timid. They speak of it with lowly reverence, and with bated breath they caution working-men to be law-abiding and moderate in their demands, lest they frighten from our midst this timid, holy dove, capital, which is sometimes described by coarser but not less ardent worshippers as the goose that lays the golden eggs. To them capital is everything and labour nothing. Labour, in their views, is kept alive by capital. It may seem a small matter, but the order in which they place the elements of production shows their relative importance in their eyes. There are, they say, three elements of production: land, capital and labour. Now a very little consideration will enable you to see that the proper order is land, labour and capital. I sometimes wonder that bourgeois economists do not place capital before land. It would be scarcely more absurd than to place it before labour, but I suppose it would make the absurdity

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