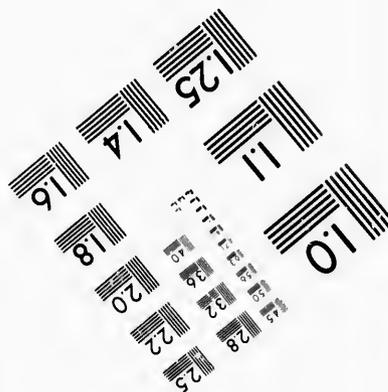
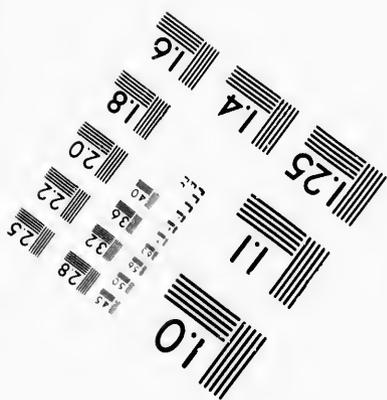
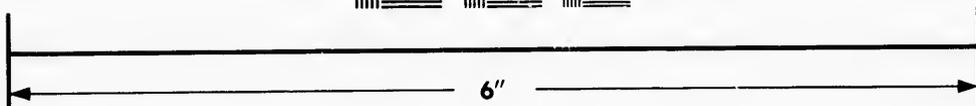
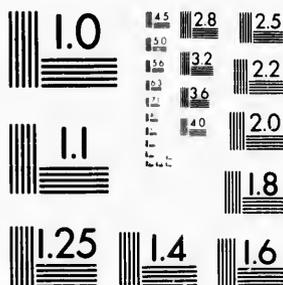


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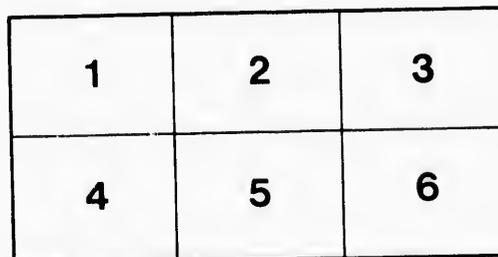
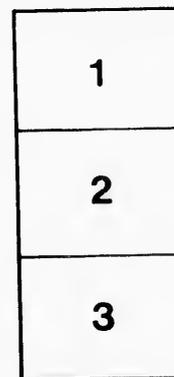
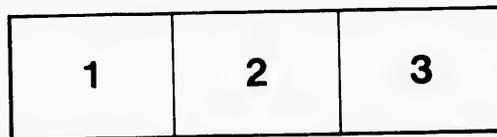
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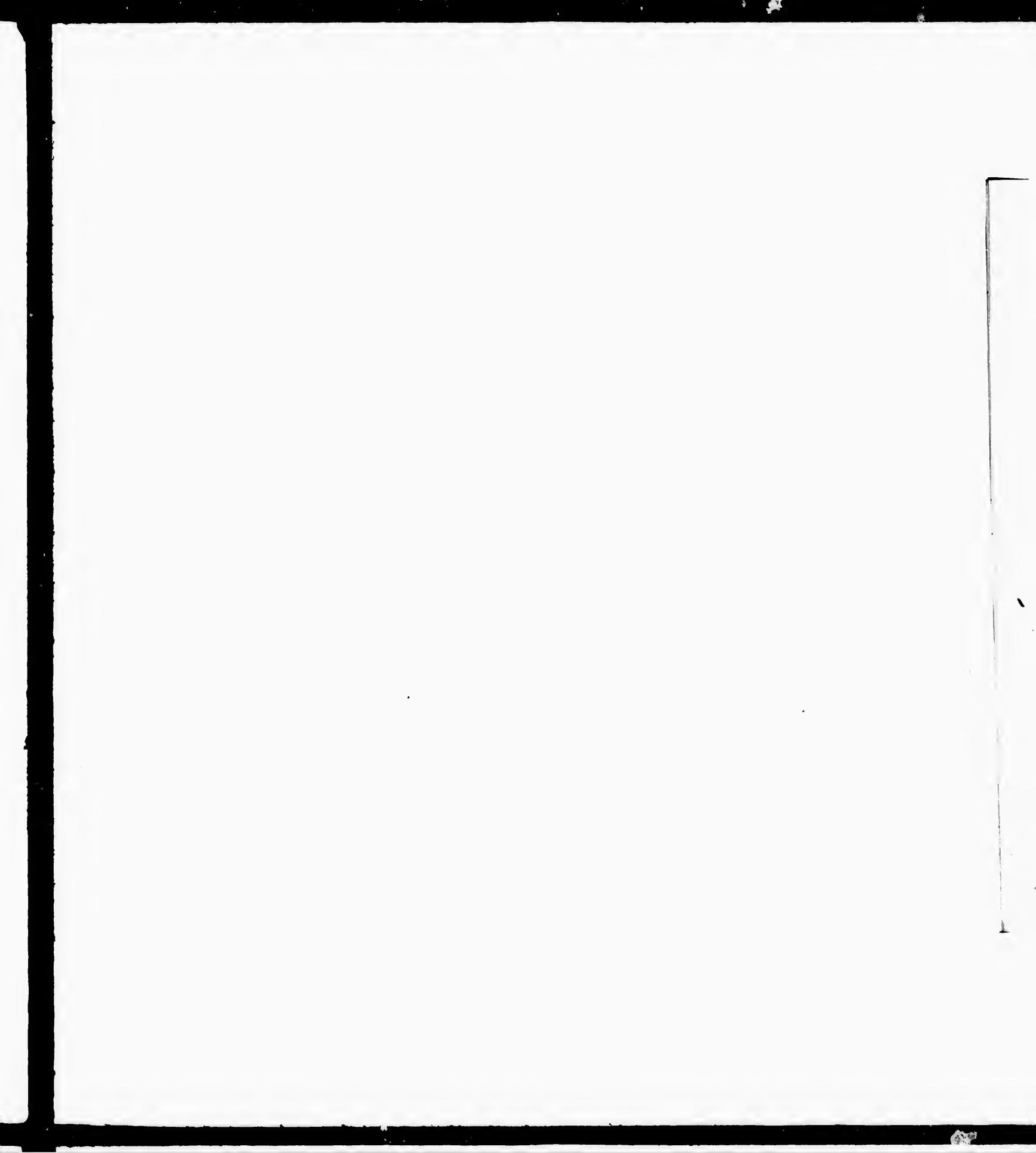
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*Capital and Labour.*

"Now these be the last words of David. David the son of Jesse said, and the man who was raised up on high, the anointed of the God of Jacob, and the sweet psalmist of Israel said, The Spirit of the Lord spake by me, and His word was in my tongue. The God of Israel said, the Rock of Israel spake to me: 'Ho that ruleth over men *must be just, ruling in the fear of God.* And he shall be as the light of the morning when the sun riseth, even a morning without clouds as the tender grass springeth out of the earth by the clear shining of the sun after rain.'"

THE  
INDUSTRIAL POLICY OF ENGLAND

IN THE YEAR EIGHTEEN HUNDRED AND SEVENTY-SEVEN.

A SECOND LETTER TO THE PUBLIC.

*Labour and Capital.*

BY  
KUKLOS.

LONDON:  
PUBLISHED BY JOHN HARRIS.

PRINTED BY WERTHEIMER, LEA & CO.,  
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JANUARY, 1878.

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SECOND LETTER TO THE PUBLIC  
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INDUSTRIAL POLICY OF ENGLAND  
IN EIGHTEEN HUNDRED AND SEVENTY-SEVEN.

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LONDON,\* December 24th, 1877.

TO THE PUBLIC,—

Our first letter, published in October, entitled "The Commercial Policy of England," was soon followed by a letter on the same subject in *The Times* newspaper from Lord Bateman, and, since that time, a general discussion on the expediency of the Free Trade policy adopted by this country, has taken place, sufficiently active to indicate a very widespread dissatisfaction in regard to the commercial state of affairs now existing, and anxiety as to the future industrial prospects of England.

Under these circumstances we take the earliest opportunity to fulfil our promise of a second letter to the public on what is, and what should be the economical policy of a nation possessing the privileges, advantages, opportunities, and wealth which we enjoy, when called upon to actively acknow-

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\* Publication of this letter has been delayed about a fortnight.—J. H.

ledge the higher responsibilities and duties which pertain to those possessions. As it happened on the former occasion, so it happens again, that we are fortunate in finding in *The Daily Telegraph* an article well adapted for the double purpose of specifying certain opinions, now entertained, which we are desirous to subject to examination, and of furnishing reliable and useful information fitted to serve as data on which to ground our arguments, and, also, to give that immediate and practical character to the discussion which is especially desirable. *The Daily Telegraph* of December 20th, 1877, says:—

“Those of our countrymen who have a stake in manufacturing or commercial enterprise cannot fail to be somewhat anxious just now in regard to the prospects of British trade. The patience of the community, in waiting for the return of industrial and mercantile prosperity continues to be taxed, without any immediate prospect of their long cherished hopes being realised. The latest Board of Trade returns show a considerable increase in the value of imports, but the advance in exports is as yet hardly appreciable, and since the excess of the former over the latter indicates an annual average balance of trade against us for the present year, amounting to more than one hundred and forty millions, the aggregate business we transact with foreign nations cannot be deemed satisfactory. Ten per cent. may fairly be deducted from that sum for freight, insurance, and incidental charges upon the excess of imports. But even after making this allowance it will be seen that the figures on the wrong side of the account are still formidable, and at the same time, unhappily, in accord, with collateral industrial statistics, of a depressing character. In several instances nations formerly dependent on us for textile and metallic fabrics are not only supplying their own requirements, but vigorously competing with us in home and foreign markets. Many cotton factories in Lancashire and Yorkshire

are at present worked on short time, and in the iron districts of Monmouthshire, Durham, Northumberland, and Staffordshire, rolling mills are said to be running at a loss, and serious distress prevails among the workpeople. The iron trade of Great Britain is generally believed, by competent judges, to be not merely depressed, but in a condition of decay. Messrs. Bolckow, Vaughan, & Co., the leading manufacturers of iron rails in the Middlesborough district, in view of the disastrous crisis which has overtaken this industry, have recently felt compelled, with other houses engaged in the same branch, to reconstruct their Cyclopean forges, and adapt them, at enormous expense, to the manufacture of steel. The decline in steel and iron transactions between England and Italy has of late years been most marked. For some time subsequent to the introduction of railways into the latter country, railway plant was exclusively imported from Great Britain. It now appears, however, that English makers are losing their hold on Italian markets, and are beaten out of the field by the competition of France, Germany, and Belgium. A change similarly unfavourable to our metallic industries is visible in other parts of the Continent, and the rival countries we have mentioned are receiving orders for locomotives, axles, tyres, springs, and tools, which were formerly executed by our own manufacturers. But the heaviest blow sustained in the export department affects our trade with the United States. In 1865 the value of British exports to the Union amounted to 122,000,000 dollars against 84,700,000 dollars imported by us from that country during the same period. Last year [1876], however, the tables were turned; for, while our exports to the States had dwindled to 98,000,000 dollars, the value of the goods imported reached the large sum of 367,352,000 dollars, showing a balance in favour of America, in twelve months, of 269,000,000 dollars.

“Amidst the protracted trial to which commerce has been subjected, we have some doubtful consolation. We are reminded that the entire value of British manufactures sent abroad constitutes but an insignificant part of the £1,200,000,000 which is the estimated gross annual income of the country; that, though

somewhat crippled, we should not be hopelessly inconvenienced if the whole of our foreign custom were lost; and that the capital sunk in the mechanical appliances necessary to produce the manufactures we export, to the yearly value of £110,000,000, guarantees our continued industrial supremacy. We are encouraged by certain visionary economists to believe that the trade balance against us is approximately liquidated by the vessels we build for foreign shipowners, and by the investment of British capital in mines, railways, and other enterprises abroad. But, whatever plausibility attaches to such statements, they proceed on the fallacious assumption that the prosperity of the population as a whole can be justly estimated by the extent of the gross annual earnings of the community, a large proportion of which is in comparatively few hands. The total revenue derived from exports represents a larger number of mouths to feed, and backs to clothe, than the aggregate income received from rents, railway stocks, foreign securities, and the products of the soil. And when the foreign demand for our manufactures falls off, destitution among the working classes, and financial embarrassment among the tradesmen who supply them with the necessaries of life, occur in England on a scale immeasurably exceeding that which might result from the bankruptcy of a public creditor, or the failure of British crops. It is now definitely ascertained that the wealth of civilised nations is mainly produced by an interchange of products. England, being unable to produce sufficient cattle and grain for the wants of her population, buys the quantity of food supplies she requires from abroad with those commodities she can export at a profit. It is the income she derives from this source that keeps the wheels of her internal trade in motion, and the extinction of her foreign commerce—if such an event were possible—would soon materially reduce the value of all her mining, manufacturing, and agricultural investments at home, and ultimately bring ruin on her manual labour classes, and on all trades whose activity, directly or indirectly, depends on the expenditure of their earnings. To treat the possible decline of the foreign commerce of England, there-

inconvenienced if that the capital to produce the £110,000,000. We are entitled to believe that the investment of the capital in other enterprises is to such state-assumption that the whole can be an annual earning of which is derived from the land, and backs from rents, railroads, and the soil. And if the land falls off, destitute of the necessities of life, exceeding that of the public creditor, or if it is not ascertained to be produced by an industry, or if it is not able to produce for the population, buys from abroad with its own money. It is the income of her internal commerce—if it is not reduced to agricultural industry, or if it is not on her manual industry, directly or indirectly. To treat of England, there-

fore, as of secondary consideration, is to ignore the causes of her past material greatness and her future progress. Existing depression is to be removed, according to a certain school of theorists, by the enactment of reciprocity treaties. They would compel us to admit duty free to our ports the wares of countries which at present handicap English manufactures with heavy tariffs, only on condition of their abolishing these restrictions. But the absurdity of the reciprocity agitation is obvious at a glance. If a baker who sells bread of good quality at a low price chooses to place obstructions in the way of a travelling draper approaching his shop for the purpose of selling linen and silk, ought this foolish conduct of the baker to prevent the draper from buying his bread where it can be procured cheapest, merely because the proprietor has a prejudice against dealers in textiles? According to the policy of reciprocity, the draper should retaliate on the baker for refusing to purchase his cloths, by paying a higher price for his bread at another shop. The sound principle of trade consists of buying in the cheapest and selling in the dearest market. If, however, fiscal restrictions should sometimes interfere with the transport of our manufactures to a dear market, that is no reason why we should decline to buy what we want in a cheap one.

“In view of prohibitory tariffs, manufacturing competition, and home strikes, which at present combine to menace gravely our trade with most of the countries in Europe and America, the practical upshot centres in the inquiry, What is the probable future of British industry? Even Mr. Goldwin Smith, who does not indulge too sanguine hopes concerning England, said the other day, at Oxford: ‘A maritime position admirably adapted for trading with both hemispheres, a race of first-rate seamen, masses of skilled labour, vast accumulations of machinery and capital—these were advantages not easily lost; and there was still in England a good store of coal and iron.’ The revival of trade is only a question of time, and the manufacturing talent and abounding wealth of England will, in one way or other, secure, as hitherto, the lion’s share of the advantage to be obtained, though the conditions of commercial success may be

changed. Englishmen will control the industries of the world in the future in one of two ways. If our staple manufactures can be produced at less cost in another country, capital and technical appliances will simply be moved to a new seat of enterprise, where perhaps labour will be cheaper and foreign tariffs more easily handled. Or in case England is recognised as possessing all other conveniences for carrying on manufactures, except moderate-priced labour, it is probable that this commodity will be imported. We are not to be understood as advocating any particular course in the emergency we have imagined. We simply predict the line which will be eventually followed according to the ordinary laws of trade. The experiment already made of introducing foreign labour—despite the troubles which have attended it—is regarded by master masons in a hopeful light, and it would not surprise us if labour from abroad should, in given contingencies, be imported on a still larger scale. Employers cannot prevent their men from combining to obtain higher wages as long as the law is strictly kept by both parties. On the other hand, it is difficult to see how, consistently with free trade principles, men can interfere with masters, if the latter should evince a preference, under particular circumstances, for foreign workmen. Labour is acknowledged to be a marketable article, and consequently, if the working classes may assert their liberty to determine what employers they will serve, employers may naturally be expected to claim the same right in reference to the class or race of artisans they elect to hire. Notwithstanding the conflicting theories zealously promulgated on this subject, the relative interests of capital, labour, and trade will, sooner or later, adjust themselves in harmony with inexorable economic principles.”

Notwithstanding that the present article exhibits what appears to us to be inconsistencies in reasoning of a very remarkable character, and instances of perverseness in deducing inferences the very opposite to those which the data suggest and justify, it seems to us on the whole, the production of a mind

which has, on the one hand, lost much of its confidence in the dogma of *Free Trade*, and, on the other, has become less sure that the future prosperity of England is perfectly secure and safe whatever policy the community may choose to adopt,—of a mind in which a decomposition of some of its economical conclusions is taking place, and in which the recomposition of the elements, thereby set free, has not yet had time to attain completion.

Let us, as in the former instance, separate and arrange consecutively, the more important of the facts and propositions which the writer in *The Telegraph* puts before us:—

1. "The latest Board of Trade returns show a considerable increase in the value of imports; but the advance in exports is as yet hardly appreciable, and since the excess of imports over exports indicates an annual average balance of trade against us for the present year amounting to more than one hundred and forty millions, the aggregate business we transact with foreign nations cannot be deemed satisfactory."

2. "The present industrial statistics are of a depressing character. In several instances nations formerly dependent on us for textile and metallic fabrics are not only supplying their own requirements, but vigorously competing with us in home and foreign markets."

3. "Many cotton factories in Lancashire and Yorkshire are at present worked on short time, and in the iron districts of Monmouthshire, Dur-

ham, Northumberland, and Staffordshire, rolling mills are said to be running at a loss, and serious distress prevails among the workpeople. The iron trade of Great Britain is generally believed by competent judges, to be not merely depressed, but in a condition of decay."

4. "The decline in steel and iron transactions between England and Italy has of late years been most marked. For some time subsequent to the introduction of railways into the latter country, railway plant was exclusively imported from Great Britain. It now appears, however, that English makers are losing their hold in Italian markets, and are beaten out of the field by the competition of France, Germany, and Belgium."

5. "A similarly unfavourable change to our metallic industries is visible in other parts of the Continent, and the rival countries we have mentioned are receiving orders for locomotives, axles, tyres, springs, and tools which were formerly executed by our own manufacturers."

6. "But the heaviest blow sustained in the export department affects our trade with the United States. In 1865 the value of British exports to the Union amounted to 122,000,000 dols., against 84,700,000 dols. imported by us from that country during the same period. Last year, however, the tables were turned, for, whilst our exports to the States had dwindled to 98,000,000 dols., the value of the goods imported reached the large sum of 367,352,000 dols., showing a balance in favour of America, in the twelve months, of 269,000,000 dols."

7. "The gross annual income of England is estimated at £1,200,000,000, and the capital sunk in manufacturing plant and machinery employed in the export trade at £140,000,000."

8. "The experiment already made of introducing foreign labour—despite the troubles which have attended it—is regarded by master masons in a hopeful light." . . . "It is difficult to see how, consistently with Free Trade principles, men can interfere with masters, if the latter should conceive a preference, under particular circumstances, for foreign workmen."

9. "Labour is acknowledged to be a marketable article, and, consequently, if the working classes may assert their liberty to determine what employers they will serve, employers may naturally be expected to claim the same right in reference to the class or race of artisans they elect to hire."

10. "The relative interest of capital, labour, and trade will, sooner or later, adjust themselves in harmony with inexorable economic principles."

The sterling fairness and straightforward honesty with which the important statistical information contained in the preceding quotation is set forth, is as cheering as the information itself is depressing. For evidently the writer of the article has not allowed his favourable opinions and advocacy of the Free Trade system to bias or interfere with his statement of the actual circumstances and facts—plainly as those facts speak against the system in whose favour he argues. It is with no uncertain

sound, indeed, nor in hushed tones that these facts now speak and "say their say" . . . With clear voice and in tones so loud as to be heard even above the din of war, and to command attention from those most unwilling to hear, they tell of the downfall of the economical super-structure called *Free Trade* . . . of the final break-down and collapse of that system, which in a few years has done so much to damage the commerce and impair the industrial capacity of England, and to mystify and delude her sons.

For the present, merely referring to our previous letter (of October), we will leave the tale they so plainly tell to impress itself on the reader's mind, and proceed at once to our more immediate subject.

It is now more than two years since we specified, in our introductory treatise on Political Economy,\* some of the reasons which induce us to deny that any such thing as a science of political economy, correctly so called, exists at the present time; and we endeavoured, at the same time, to explain and illustrate the orderly method in which it was requisite that the heterogeneous matter, belonging to that department of knowledge, already collected and available, should be arranged.

In that exposition of the subject we showed that a want of just appreciation of the distinctive difference between *Natural* and *Ideal* Science had viti-

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\* "Political Economy as a division of Science."

August, 1875. { Montreal—The Lovell Publishing Company.  
                  { London—Trübner & Co.

ated the treatises and writings heretofore published, whether professedly scientific or otherwise, in such wise as to render them, in regard to some of the matters treated in them, unreliable and useless, and, in regard to others, deceptive and mischievous. And the charge, thus brought by us, against writings on Political Economy, is of the most general character, for we have not met with any, in any form, whether elaborate treatises or simple essays, which we can exempt from the charge.

There is apparent in all of them, even in the best, a confused endeavour to treat some of the subjects of this department of knowledge (political economy), which belongs wholly to Ideal Science, as though they belonged to Natural Science. We have shown that writers on Political Economy have habitually treated *wealth* as a natural product, in the same way as though they supposed it to be a kind of vegetable. And this mode of treatment has been so unanimously adopted, and continued for so long a time, that it has become a sort of established *conventional fact* amongst political economists that wealth is a *vegetable* . . . growing, maturing and fulfilling its functions under and in obedience to the imperative laws of Nature. In the same manner, because under the same misapprehension, they have treated the subject of labour; and, in the treatise mentioned, we pointed out (now more than two years since) the absurdity of such expressions as *labour market* used in the sense in which it has been, for a long time past, considered orthodox to employ the expression.

Instead of re-stating the exposition, we will here quote from that formerly given by us in the treatise already mentioned, "Political Economy as a Division of Science." In order to make more clearly apparent the characteristics of the general fallacy, which, according to our allegation, vitiates so much of what has been written on the subject, a part of our observations, in that treatise, took the form of a critical notice of a work, then recently published, by Professor Cairnes.\* The following comprises that part of our argument which we are most desirous to bring under the present reader's immediate attention:—

*Page 11:—*† "But, it may be said, there must be some intelligible sense or meaning in which Professor Cairnes uses the expression 'natural fact.' It may be so: the next sentence is evidently intended as in some degree explanatory: 'These are the phenomena of wealth, and the natural laws of these phenomena are certain constant relations in which they stand towards each other and towards their causes. For example, capital grows from year to year in this country at a certain rate of progress; in the United States the rate is considerably more rapid; in China considerably slower.' Here we find the example directly contradicting the proposition to which it is appended as an illustration. Instead of the relation being constant, the example exhibits the

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\* "Essay on Political Economy," by Prof. CAIRNES.

† "Political Economy and Science," by KUKLOS.

relation as inconstant; in neither two out of the three instances is the relation shown to be constant. The specific gravity of water is the same in China as in England, and the same in England as in the United States. The sun shines and the wind blows in all three countries alike. It is quite true that an effect must stand in a constant relation to its cause, whether that cause be termed a natural law or a phenomenon; in fact, the mind cannot disconnect the one from the other. For example, gravitation causes the fall of a stone to the ground. The fall of the stone measures the gravitation, to which it has a specific relation. The fall of the stone without a cause is an idea which the reasonable mind would decline to accept. In the example given to us, the causes vary, and, of course, the effects must vary in correspondence. Why do the causes vary? Because they are *not* natural.

“We do not see how wages can be classed as phenomena of wealth, for wealth transferred as wages does not differ from other wealth; it may be any one or more of the various kinds of wealth, but it does not present any exceptional or peculiar features. We are of opinion that wages are phenomena *related* to labour or industry, if they must be called phenomena. We should prefer, however, to class them as the exchangeable value of labour. But this again would be only correct as a definition of the sense in which the expression is commonly understood. For a more strictly correct definition

we would say: the expression 'wages' means the conventional price paid by agreement for labour. But, to pass this over . . . How can there be a natural law of wages, of rent, or of profits? What has *Nature* to do with these things? Neither the wind nor the rain receives wages. A tree does not charge rent for shading a man from the sun. The sun receives no profit or interest for all the invaluable benefits it pours down upon the sons of men. Surely there must be some mistake here of a fundamental character. Professor Cairnes certainly intended to express some intelligible meaning. We will endeavour to explain the sort of mental confusion between the subjects of Natural Science and those of Ideal Science, which has evidently led to these strange statements.

"Let us suppose a case by way of illustration:—Some meddling and officious arbitrary government having determined to regulate the exchanges of its subjects, appoints officers to direct and control all kinds of barter and commercial transactions. *E*, an employer of labour, possessed of some wealth, has agreed to hire a labourer at five shillings a day wages, but the sanction of the officer to the arrangement must be had, and he objects. 'No; four shillings a day is quite enough; let him agree to work for four shillings a day, or don't employ him.' 'But,' says *E*, 'I am quite willing to pay the man five shillings a day.' 'No matter, I won't allow it.' *E* also wants to buy a cow of his neighbour *F*, who agrees to sell it him for ten pounds; but the officer has to be informed, and he interferes: 'No;

that's not enough. It's an object to encourage a breed of good cattle; the cow is a good cow, and you must give fifteen pounds.' 'Well, but,' says *E*, 'Mr. *F* is quite content to sell her to me for ten pounds.' 'No matter, you must give fifteen pounds or else do without it.' *F*, the farmer, receives an order from the officer fixing the price at which he must sell his milk, eggs, and butter, at only half the price which his neighbours would be willing to pay.

Now, if we apprehend aright, this would be what Professor Cairnes means by an interference with the natural law of wages and of profits. But the only connection it has with natural laws, is that the God of the natural world is also God of the intellectual world . . . that the God of Ideal Science is God also of Natural Science; that He, who has ordained laws to govern and regulate the phenomena of the material world (*Nature*), has also ordained laws to govern and control the phenomena of the spiritual world (*Intellect*). The employer, the farmer, and the labourer, all feel aggrieved. Why? Because the laws of nature have been interfered with! Not at all: but because they feel and know that injustice has been done to them. The great fundamental compound fact of Ideal Science . . . that God is just, and that man has been made in the image of God, and therefore created on the basis of justice, has been disregarded. The circumstance that arbitrary unnecessary interference with the reasonable liberty of his fellowman, by man, is disapproved and forbidden by the intellectual law

of God, and is consequently unlawful, has been disregarded. The unlawful action of the officer, resulting from the unlawful action of his government is, because unlawful, out of harmony with the whole of creation: with the intellectual world primarily and directly, but, hence, indirectly with the natural world also. In this very indirect sense, and in this indirect sense only, the unwise and unlawful interference with the just rights and liberties of the several individuals would have a connection with natural laws.

“We find, however, a little further on in Professor Cairnes’ work, a modified definition which appears to recognise, in some degree, that the phenomena do not belong to Natural Science, and they are now termed ‘economic phenomena.’ For example:— ‘It is, then, the constant relations exhibited in economic phenomena that we have in view when we speak of the laws of the phenomena of wealth.’

“Now the relations and laws here spoken of are so imaginary and unreal, that the things specified have no absolutely necessary relation to human existence, and, where they actually exist, no one of them has a necessarily definite and constant relation to any one of the others. Take, for example, a community of Indians, such as is still found in the western parts of North America. There is wealth, but their possessions are confined to the weapons, utensils, and clothing necessary to support the simple industrial conditions of their existence. There are no labourers and no wages, no rent, no

profits, no interest. But, let us suppose a community of Mormons, or some other community, the members of which have agreed all to share alike . . . each one to do his share of work, and all the unconsumed products of their labour to belong in common to the community. After a time the community becomes very prosperous, and its possessions in cattle, grain, and cultivated land, accumulate to a large amount. Here then we have human existence and the social relations of human beings dwelling together in a community, and we have wealth; but, where are the specified facts or phenomena of wealth? . . . And where the laws and constant relations? There are no wages and no rent. The accumulation of wealth by the community might, indeed, be considered a description of profits, but this would differ considerably from the description of profits intended by Professor Cairnes. Of 'interest' there would be none: unless, indeed, the community be supposed to capitalize its possessions and to send the proceeds to the bank—which it might, or might not, be agreed to do. The concluding sentence, however, shows that the Professor has altogether misconceived the relationship of man to Nature. 'It is by such knowledge that man becomes the minister and interpreter of Nature, and learns to control Nature by obeying her.' In respect to his merely animal nature, and in his relation to Nature, as a variety of organized matter, man is under the laws of Nature, which he has to obey. A man's body, for instance, is subject to the

law of gravitation; a man's physical actions are subject to the laws of mechanics. This necessary obedience of matter to the laws of the material world, cannot be avoided in any degree by the simple exercise of man's volition. But the man, as an intellectual being, has been given by the express declaration of God, control, within certain limitations, and subject to certain restraints, over the forces of the natural world. Therefore, man, by learning to understand and bring himself into more perfect harmony with the laws of the intellectual world, learns to obtain a more perfect control over the forces of Nature as God's minister."

At the conclusion of our October letter we spoke of a subject of very great importance, upon which loose notions, rather than sound knowledge, prevailed amongst economists at the present time. That highly important subject is the "Correlation of Labour and Capital" as a part of the elements, or components, of National Wealth, and "of the Labourer and the Capitalist" as a part of the components of the Nation.

The observations we are desirous to submit for your present consideration will mainly belong to these sections:--(a.) The characteristics of a *Labourer*, and the rights of *Labour*. (b.) The characteristics of a *Capitalist*, and the rights of *Capital*. (c.) The *National Law* as the guardian, the protector, and the governor of the *Labourer* and of the *Capitalist*.

As much of what we wish now to say is comprised

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in what we have said before, and as it has been stated with as much conciseness as appears to be consistent with a satisfactory exposition of our views, we will again proceed by quotation from the treatise "Political Economy and Science."

*Page 30:—*"The rights, the claims on the Nation, and the national duties of the Labourer:—The first question is—What meaning is to be attached to the expression . . . labourer? Every one that works is, in a sense, a labourer. But work may be either intellectual or physical; the work may be compulsory or free; it may be undertaken unwillingly through necessity, willingly as a pleasure, out of a desire to be useful, as a recreation, as a physical—or as an intellectual exercise. The workman may be a highly educated and intellectual man, or may be quite ignorant, and possessed of only the minimum share of human intelligence. It is at once evident that the expression 'labourer,' as commonly used and understood, excludes most of these descriptions of work and workmen.

"A labourer may be defined as one of that class of individuals which is distinguished by having physical labour as the characteristic business of his terrestrial existence. The individual, thus circumstanced, labours physically from necessity, and for the purpose of supplying the daily requirements of his life. The class he belongs to is less highly educated than the mercantile and wealthy classes of the community, and from deficiency of education is, as a class, incapable of intellectual labour of the

higher description. In correctly appreciating this definition, it is important to remember that the labouring class, as it now presents itself for consideration, although in a less intellectually developed condition than other sections of the community, has nevertheless progressed educationally; and, within the last fifty years especially, has done so with considerable rapidity. At the same time, the intellectual development of the other sections having also progressed, the relative difference, although probably somewhat diminished, has not undergone any very considerable diminution. Let us now consider the question . . . What rights has *the labourer*, as against the individuals collectively belonging to the other sections of the community or nation? A very little consideration makes it apparent that the answer to this question must be dependent upon, not only the intellectual relation of the labouring class to the other sections, but more particularly upon the general recognition or non-recognition of the higher law by himself, and by those other sections. Let us for the moment suppose the intellectual relation to be, on the part of the labouring class, that of human intelligence almost wholly undeveloped by education; and, on the part of the other sections, an intelligence highly developed; and let the supposition include non-recognition of the higher law. How, on such a supposition, would stand the *right* of the labourer? 'Right' would then be the *right of might*; and, since merely physical strength is incapable of suc-

cessfully contending with or resisting intellectual strength, the *right* would be with the more highly developed intelligence. The *right* of the labourer would be but a little more than a right to live. The remuneration of his labour would be barely sufficient to provide the absolute necessaries of his daily existence, and to enable him to go through his daily toil. If he complained, more work would be put upon him and exacted; if he resisted, increased severity and hardship would be the result. Has not the world, ere now, exhibited a state of things not much unlike this? Not only of this or of that particular nation, but of every quarter of the globe and of every country, the historian tells of a time when the condition of the labourer has been practically, if not nominally, that of serfdom and slavery.

“ But the higher law—the law of Divine justice—the law of Christian love and charity—intervenes, and is recognized. The labourer is no longer the serf or slave, but the fellow-man . . . less fortunate than his richer brother, because less favoured with the gifts and blessings of Him who giveth to each one as He sees good, and requiring the guidance and assistance of his intellectual neighbours, because without the advantages of education. What are now his *rights*? In proposing this question, another suggests itself: Does he himself recognize and accept the higher law? If he wish to have the benefits and advantages conferred by it, is it not reasonable that he should also undertake the duties

and responsibilities belonging to it? Is he trustful in those who have benefited, or who try to benefit him? Does he endeavour to fit himself for the privileges and duties of a higher condition? Is he unselfish and sympathizing towards those less fortunate than himself: and does he, with patience and forbearance, endeavour to assist them? If he does so recognize the higher law, and thus fit himself for a more intellectual condition in life, then his *right* will be to possess and enjoy the advantages belonging to such condition. But if, on the contrary, he does not recognize the higher law, and says within himself, 'that man is richer than I am; he is keeping my property from me; I have as much right to it as he has; all men are born equal:—let us combine to take this wealth away from the rich, and divide it amongst us.' . . . In such case the higher law would become abrogated, and the terrestrial law of man's natural existence would come into full force;—that terrestrial law of God, which gives to intellectual strength the dominion over the whole creation of the natural world.

"Let us now, assuming that the higher law is fully recognized, and that, by endeavouring to qualify himself, the labourer has become entitled to the full benefits of the higher law, consider what modifications could be most readily made in the existing conditions under which the life of the labourer in the most civilized countries is now passed, such as would enable him to take a larger share in the advantages and pleasures belonging to intellectual existence.

“The conditions, broadly stated, which, on a general survey of the circumstances, appear to bar the way to any immediate improvement of more than a slight character, are these: For six days in the week the labourer’s work has to be almost incessant. To fulfil the requirements of his physical existence—to sleep and take his meals, in addition to his work, occupies almost the whole of his time. The seventh day is a day of rest; but it is a day to be especially devoted to the remembrance of Him and of His benefits by whom it has been appointed, and to that rest, from (ordinary week-day) work of all kinds, by which the completion of the great work of Creation is to be continually commemorated.

“In remuneration for the six days’ almost incessant labour, the wages received by the labourer barely suffice to defray his current expenses, and to provide, perhaps, if he be very provident, a fund for old age, sickness, or other emergency.

“If the desirable improvement consisted simply and solely in reducing the hours of labour, so as to give the labourer, let us say, a second day out of the seven, or the equivalent of this in a reduction of about two hours daily for intellectual improvement, the alteration might be readily effected. But: it is requisite for the labourer to get, at least, the full amount of wages which he now receives for the longer period of work. If it be proposed to make the alteration by paying him the same amount in wages for the shorter time, an objection is very

forcibly stated by the employer of labour; namely, that this would be equivalent to paying a higher rate of wages, and would be either more than his, the employer's, profits would afford, or else would oblige him so to increase the price of his farm produce, or his manufactured product, that he would be no longer able to successfully meet his rivals in competition.

“This objection, so stated, appears for the moment very formidable, if not fatal to the proposed alteration; but we observe that the objection rests on the assumption that a competition with other produce or products must be sustained, in which competition, whilst having the advantage in this respect, the competitor would be on an equal footing in regard to the other circumstances. Is it certain that such assumption must be admitted as necessitated by the conditions of the whole case? We are of opinion that it is not.

“In the first place, the competitor or competitors referred to must be outside the nation, for otherwise the objection would not apply, because the supposition is that such an increase in the rate of wages would be general throughout the nation. But then, if the competition be with competitors outside the nation, and the alteration be one which it is to the interest of the nation to make, the question arises—whether the nation cannot yet make the alteration and so support its own manufacturers (or farmers) that the foreign competitor could still be advantageously met. Supposing, for example, the

nation in question to contain a considerably greater number of labourers than sufficient to supply the required labour at the longer time of work (and lower rate of wages). It is evident that, since the superfluous number of labourers must live, and have no resources of their own,\* their maintenance must be in some way supported by the nation. Herein would be a set-off, so far as it might go, furnishing employment for the increased number of labourers without, perhaps, any absolute increase in national expenditure, because, under the alteration, the nation would pay in wages merely what it had previously paid in poor-rates, or in some other such form. But, leaving aside the equalizing effect which would arise from thus furnishing the means of self-support to labourers previously supported by the nation, let us suppose the nation to possess accumulated wealth to an exceedingly great amount, and to be in receipt of an annual income on a correspondingly great scale, it is evident that the nation might, if it thought proper, and saw its advantage in so doing, reimburse its own manufacturer the increase in his expenditure occasioned by the employment of the greater number of labourers; and thus place him in a position to compete with his foreign rival, equally favourable to

\* We do not wish to complicate the argument, but, strictly speaking, if they had resources of their own, these would be a part of the common resources of the nation, and the conditions of the case, in respect to the more general argument, would be essentially unaltered.

that which he occupied previously. For example, the nation may, through its government, relieve the manufacturer competing in the foreign market of all taxation, or of such a part of the taxation to which he was previously subject, as to equalize his profits. And, again, if the foreign manufacturer should come into the home market, the nation could readily equalize the competition by imposition of an import duty.\*

“In this last case, the price of the article would be, of course, increased, but that would not, necessarily, be a circumstance of any consequence to the nation, because the additional price would go to its own labourers, that is, would be paid to itself.

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\* As stated in my previous letter, and more fully in the Essay entitled “Promotion of Home Industry as an Economic Policy,” the mode of adjusting the inter-relations of the home and foreign markets by imposition of import duties, does not commend itself to my mind as the most judicious and practically advantageous. The same principle indicated above, and proposed as adaptable for the purpose of enabling the labourer to receive a more liberal share of the profits of business, without exposing the home manufacturer to a ruinous competition with the foreigner, can be also applied to secure to the home manufacturer a reasonable advantage over the foreigner in supplying the home market. The nation would (so to speak) enter into a sort of partnership with each manufacturer (and agriculturist, etc.), paying a certain part of the wages of each certified labourer employed by him, and receiving in return the profit and manifold advantage (derived by it) from the manufacture (or other *industry*) being carried on within its own territory. [Observe . . . that *its actual payments* in this kind, *the nation would immediately receive back again* from the labourers, *in addition to taxes and profit on the business, etc.*

"The alteration would, in fact, constitute a national method of indirectly finding employment for the excess of labourers, and providing the payment of the additional wages by the nation at large; the difficulty about the competition from outside would be surmounted, and the question only remains whether the benefit thus conferred upon its labourers by affording them opportunity of intellectual improvement, greater enjoyment of their lives, and, also, by furnishing the means of self-support to a greater number, would not be, on the part of the nation, a worthy, rightful, and in every way beneficial and advantageous mode of employing a part of the wealth entrusted to it.\*

"In stating, however, as we have just done, that it would be equivalent to the payment of the wages of a certain number of workmen, to them, by the nation—we mean that it would be so, compared with the state of things previously existing. But it by no means follows that it would be correctly considered as in any degree an act of romantic liberality or unfair favouritism towards the labourers, and still less as a sort of charitable gratuity on the part of the nation. The labourer would be, we consider, just as honourably entitled to his wages at whatever

\* My argument will, however, go much beyond this; for I hold it to be reasonably demonstrable that in thus employing its wealth beneficially, the nation would be investing its otherwise latent capital in a manner exceedingly advantageous, in a *business sense*, for all; not only for those who would directly receive the benefit, but also for those who *primarily* would confer it.

increased rate the nation might see well (either directly or by diminishing the hours of labour) to fix the amount, as if he, under compulsion of the necessity caused by uncontrolled competition, were obliged to work for a much less sum.

“To fully appreciate the whole case, it is necessary to apprehend distinctly, and to bear in mind the uses of wealth, whether possessed by the one individual or by a nation of individuals; at the same time remembering that in the case of the nation, wealth, which merely passes out of the hands of certain of the *nation's* individual components into the hands of certain others of them, is neither *lost* nor *gained* by the *nation*.\*

“To illustrate this by an example, let us suppose, in the Government ship-yards of England, a large increase to be suddenly and quietly made in the rate of remuneration paid to all those engaged in the

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\* But observe, the nation may *gain* very greatly by the potent effect of the active wealth becoming operative, and operating . . . as capital, in its transfer from the one individual to another. Thus : let *a b c d*, four individuals, possess collectively £4,000. It makes no difference, as to the amount owned by them collectively, whether they own it in equal shares, whether *a* owns nine-tenths of the whole, or whether he owns only one-tenth of the whole. But it will make a great difference to them, collectively and individually, whether, on the one hand, *a* owning nine-tenths of the whole amount, and not wanting to use it himself, he lends it, or lends it to (*x, y* and *z*) other outside parties; or, on the other hand, they agree that, whichever the capital may more particularly belong to, whichever of them most requires it, shall, with the consent of the others, have the use of it for a time.

construction of ships belonging to the Royal Navy, and that several ships have been completed under the advanced rate before the increase in the pay attracts public notice; the case would be very probably brought under the attention of the public as a statement that each ship had cost the nation just so much more as the increased rate of remuneration had exceeded that formerly paid; but such a statement would be evidently quite incorrect, because the individuals who had received the increased amount belong to and form part of the nation;\* the money would not have been spent by the nation at all, but merely have changed hands.

"The actual cost to the nation would be measured by the quantity of work expended upon the ships, quite independently of the monetary valuation attached to it. It would be a certain fraction of the entire working power and intellectual ability of the whole nation which had been expended, and, whether the individuals, actually employed, worked without any remuneration, whether they received five shillings, five pounds, or even fifty pounds each per day, would make no difference whatever in the cost of the ships to the nation, so long as the individuals belonged all of them to the nation, and the money paid to them (or its equivalent) was not sent

\* Unless, of course, the workmen in question were foreigners, who hoarded their money, and when paid off, took it out of the country. *In that case*, indeed, the increase in pay to the workmen would be just so much *additional* loss to the nation.

away from the country. Any such transaction might, of course, involve unfairness and injustice to others of the individuals composing the nation, and on that ground be highly objectionable, but that is another matter, and does not affect the immediate question.

“ We have, however, in the next place, to consider a question of justice and injustice to individuals, in the application of wealth possessed by the nation. Let us suppose the whole of the individual components to be divided into three classes, unequal in numbers; a first-class A; a second-class B, much more numerous than A; and a third-class C, much more numerous than B. The individuals composing the class A we will suppose to be possessed of great wealth, able to spend the whole of their time in intellectual pursuits, in pleasure, or in idleness. The individuals of the next class, B, we will suppose to be engaged in trade, commercial enterprise, manufacturing occupations, and professions, in which pursuits they have to labour intellectually and, in a lesser degree, physically, but they are able to surround themselves with the comforts and requirements of civilized life, to rest from their labours at intervals, and, usually, for the latter part of their lives, to cease from labour and live in rest and comfort, leaving at their deaths an accumulation of wealth to their successors. The third-class, C, have to labour physically almost incessantly; they are excluded from intellectual pleasures and from most of the comforts of civilized life. They are unable

to accumulate any wealth, and are able to provide only for the daily expenses of their lives.

“Now the three classes take stock together, as a nation, collectively, of their possessions, their wealth, and their income; class C, then, addressing the other two classes, says to them: ‘Well, it appears that we possess an enormous amount of accumulated wealth; our annual income is so large as to seem almost fabulous; now you, class A, have really a larger share of this wealth and revenue than you well know what to do with; and you, class B, are receiving more than sufficient to enable you to enjoy all the comforts, luxuries, and refinements of civilized life, and to provide a fund for your successors. Let us agree to make some little alterations in the arrangements, so that, for the future, our class may receive somewhat more, and yours somewhat less.’ If A and B were to answer them:— ‘Oh! what you propose is entirely out of the question. Why, we should all go to the dogs together. We should be no more able to compete with the foreigner: the trade of the country would be ruined.’ It seems to us that it would be open to class C to respond: ‘Not so; it is simply a question between ourselves. Our having a somewhat larger share, even if you have somewhat less, will not prevent our competing with the foreigner. We shall still be able to do all the work there is to be done, just as well and better than heretofore, but we would like to have a little more time to attend to other things besides work, and for the enjoyment of our lives.’

“ In thus pointing out that the question of fixing the rate of the labourer's wages is, or may be made, one of willing agreement, that if the wealthy and the very wealthy classes choose to give up, respectively, some part of that share which is now conventionally considered to belong to them, in order that the other class, which can scarcely be said to receive at the present time any share of the profits, may receive some part of them, we may express the opinion that, under such an alteration, the two wealthier classes would not necessarily find their respective incomes actually diminished excepting temporarily and for, perhaps, only a very short time.\*

“ There are many sources of expense, having the character of loss, to the nation, which, under such modification in the distribution of the national wealth, might be much diminished, and in some instances entirely removed: for example, Poor-rates, Workhouses, Prisons, Strikes.

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\* I am desirous not to complicate, nor even to appear to overstate the case, but in all probability, both the middle and upper classes would considerably increase their incomes by the alteration, for the effect would be an immense increase in business, by much latent wealth being capitalized, and employed in a most advantageous manner; and this increase in business would increase the value of property. For the moment, in order to get the case with some degree of completeness before the reader, I am putting this very important consideration aside, *viz.*, the vast gain and benefit to all, which would arise from the greatly increased and more active employment of the nation's capital.

"The relation of the labouring class to the wealthy class in the nation, may be compared, and is very similar, to that of the employed, in a large manufacturing or other business, to the employer or proprietors of the business. It is evident that, if, supposing the proprietor to be in receipt of very large profits, he choose to divide a part of those profits amongst those employed in the business, the business will not be thereby rendered less prosperous. On the contrary, those upon whose labour being well done much of the success of the business may be dependent, having come to possess a direct interest in the prosperity of the business, will probably do their work with greater attention, good will, and energy; and it is not too much to suppose that, instead of diminishing, the prosperity of the business may so much augment as to give the proprietor individually as large an income as he received when he took the whole of the profits to himself.

"We are quite aware of the argument that labour is a species of commodity, which comes into the market of the world and finds its *natural* price. Now, in considering the relation of labour, under particular and definite conditions, to certain other things, as the relation of one element to certain other elements, where the restricted conditions of the case are fixed and determinate, such an estimate of the relation of labour may be not erroneous, but substantially sound and useful. It must be carefully remembered, however, that the preliminary question is, as to the conditions. A labourer is a

human being, not a mere labouring machine, and there is no primal necessity why he should do nothing but labour. So soon as the ground is thrown open, and the general case surveyed, the theory of a natural labour market and a natural price of labour, stands condemned at once as artificial and unsound, when applied to the general case. For example, in a given country *N*, there is a total average quantity of work to be done, necessitating the employment of a proportional quantity of labourers. The available labourers in the country are numbered, and the number found to be ten thousand times *x*. This number is to be neither increased nor diminished by immigration or emigration, and the labour is to find its own *natural* price in the market. Yes: but how long per day are the men to work? What is the agreement, sanctioned, authorized, and defined by the law of the country, or the conventional law of custom, as to the hours of labour? For, evidently, if the men are to work eighteen hours a day, there may be many more than sufficient of them to do the required work; and the competition between them will considerably reduce the market value of their labour. On the other hand, if the men are to work only nine hours a day, the number will be practically diminished to the one-half; there may be now much fewer than sufficient to do the whole of the work, they will in consequence be greatly in demand; there will be no risk of their being unable to get work, and the market price of their labour will, by

the urgency of the demand, be considerably augmented:

“ This example may serve also to make apparent the circumstance that a community of any dimensions, from that of a small town to that of a great nation, wherever the number of labourers is not subject to any great and sudden fluctuations, has in its own hands the means of proportioning the number of the labourers to the quantity of the work, if so be that the number of them is sufficient or in excess.

“ For, let the case be that of a town, and the conditions such that, in consequence of some unfavourable outside influence (a general depression of trade, for instance), there is a considerable diminution in the quantity of work to be done within the town, whilst the number of the labourers remain as before; the *natural* effect (to use a phrase objectionable in such connection, because liable to be misunderstood) is that the rate of wages becomes reduced; many of the labourers are left without work, and they and their families have to be supported in a state of destitution, perhaps by charitable aid, or at the expense of the taxpayers.

“ Now let us suppose that the Mayor, or other appointed municipal officer, makes lawful public proclamation . . . ‘ that the hours of labour shall be reduced, and shall be henceforth one, two, or three hours per day (according to the circumstances), less than previously, and . . . that no additional labourers entering the town subsequently to the proclamation shall be

eligible to seek employment as such.\* The regulations so proclaimed to remain in force until lawfully repealed.' Such a proceeding would be obviously obnoxious to the objection that it would be oppressive and unjust to the employers of labour. 'Here are the employers of labour,' it might be said, 'whose business is depressed, who in some cases are making little or no profit, and in others are losing money, and you propose to put arbitrarily upon them the burthen of supporting these labourers. Why! the effect would be to ruin many of the employers, and to throw the business of the town into confusion.' Yes; if that were the whole of the proposition, and nothing more belonged to it as a necessary part of the proposed action, we quite admit that such an effect would be likely to result. But why should not the proclamation include an undertaking, on the part of the town, to repay the employers of labour, the equivalent to the additional wages paid to the men actually employed, out of the general municipal funds. 'Oh! but that would involve complication and give trouble.' No doubt; but then does not all business involve complication and give trouble? If the great object of our lives were to avoid complication and trouble, it would be most reasonable to do, as far as possible, without business, and to live

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\* This could be carried into effect by a system of licensing the labourers already in the town as eligible, or some such method. The proposition is intended, however, primarily as an illustration of the argument.

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Indian-fashion—satisfied with supplying the bare necessities of life by the most ready and simple means. The question is not as to complication and trouble, but as to whether it would be the most just, equitable, enlightened Christian arrangement, and the arrangement most salutary and beneficent to all parties, or whether it would not be so.

“Why, in equity and justice, should not a portion of the resources of the whole town . . . of all the inhabitants collectively . . . be applied to meet such an adverse fluctuation in the prosperity of the town? Why should the labouring population be, as it were, held responsible and made to suffer the consequences alone? It may be said, perhaps, that the employers also suffer from such a depression of trade, or from such unfavourable fluctuations in the prosperity of the town. But such allegation is not practically and really true, excepting in cases of improvident, reckless speculation, or of exceptional misfortune, in which the employer may have to succumb to unexpected or overwhelming pressure, and to lose whatever he may have possessed in his business: in all other and ordinary cases the employer of labour, whether tradesmen, wholesale dealer, manufacturer, or farmer, averages the profits and losses of his business, allows a margin for the occasional consequences of adverse fortune, puts a favourable season against an unfavourable, a period of unwonted activity in the demand for his produce or products against a corresponding period of unusual depression.

“ It is true that if the labourer survive until the favourable season arrives, he will again be able to obtain full work and to live for a time in comparative comfort. But he and his family may in the meantime have starved, or he may have survived with his health so shattered, and strength so reduced, by the hardships he had had to undergo, that he is no longer able to take advantage of the more favourable circumstances when the storm is over, and all is again sunshine and fair weather.

“ In the case of the town, as we have already remarked in regard to the nation, thus regulating and adjusting the hours of labour and employing a portion of the municipal funds for that purpose, the town . . . *i.e.*, the inhabitants of the town collectively . . . would not be in any degree impoverished or rendered poorer. No wealth would be lost, no money would have to be paid away; it would be a question of internal economy only; a question simply of a method of employing\* a part of the wealth possessed by the inhabitants of the town collectively, beneficially for those inhabitants.

“ In several ways the town would be a gainer. It would gain by the avoidance of loss; by the avoidance of crime and breaches of the law consequent upon people being subjected to conditions of extreme hardship and want; and by the avoidance of

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\* Note that the wealth thus *employed* would not be *used up*, nor lost, nor paid away, it would remain in the town as before, and continue to constitute a part of the municipal wealth.

sickness and death consequent upon people being subjected to conditions under which proper care of the bodily health and attention to sanitary rules become impracticable.\*

Let us now return to the more general case—the interests of the nation as a whole, considered on the basis of . . . justice to each and every class, and promotion of the well-being of all.

The definition of a "labourer" and of "labour," is contained in the preceding remarks. What are the distinguishing characteristics of a "capitalist" and of "capital"? By "a capitalist" is understood one who possesses wealth in excess of what is required for his own immediate necessities, and the expenses belonging to the reasonable enjoyment of his life. This surplus wealth he can himself employ for the purpose of increasing it, or he can lend (let) the use of it to some one else, receiving for it a certain percentage, agreed upon as the earnings, or remuneration, of the capital so employed. "Capital" strictly means active wealth,—wealth in a state of activity, or in a readily transferable form. Commonly, however, other wealth (all kinds of wealth) which is readily convertible into a transferable or exchangeable form, is called "capital." Scientific arrangement of the subject of Industrial Economy will require a strict and carefully distinctive definition of the nomenclature throughout. For example—non-

\* End of quotation from "Political Economy as a Division of Science," by KUKLOS.

capitalized wealth is evidently divisible into *productive* wealth and *latent or dormant* wealth;\* *i. e.*, into wealth which earns a periodical percentage on its value and tends to increase, and wealth which merely preserves its value or which may even quietly depreciate in value. Again . . . a just consideration of some of the relations of the subject, necessitates a discrimination between the *owner-capitalist*, who himself owns and operates with active wealth over which he has entire control, and the *tenant-capitalist*, who operates with borrowed capital, which he hires, and is bound, at the expiration of the time agreed upon, to return to the owner, together with the price for which he hires it.

It is, however, the correlation of Capital and Labour . . . the relation, each to the other, of the Capitalist and the Labourer, that we have here to consider. Now, if we were to speak of the capitalist as the employer of labour, or of the labourer, should we be correctly stating the relationship? It is quite usual so to speak of it, and in a loose general sense not incorrect, but we shall prefer to say, because more correctly expressing the relationship, that the industrial operator employs capital and labour;—he employs them both conjointly, *viz.*, the *active-wealth* and the *labourer*. Of wealth he must possess

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\* Real Estate, as it is sometimes called,—house or land property, which, as rent, earns a percentage of its value, cannot be, we consider, correctly classed as capital; although it may be converted into capital. And, on the other hand, it is not *dormant* wealth, because it *earns*.

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some share, for otherwise he could not operate in any department of industry, and he could not employ labour: hence, since every industrial employer of labour possesses wealth and is called a capitalist, it has become a common inference that the capitalist, as such, is the *natural* employer of the labourer. One example may suffice, perhaps, to shake the confidence of many who now suppose such statement of the relationship to be that of an established economical axiom. Let us suppose a country in which the institution of slavery is still existent, as it was in the Southern States of America not many years since. It may have happened, and it is more than probable that it has sometimes actually happened, that a man inheriting the paternal property has found himself the owner of a number of slaves, and, in a business sense, of nothing else; for with the slaves he finds that he has inherited debts fully balancing the value of whatever other actual property has come into his possession. Now let us suppose that, instead of selling his slaves, he puts them to work, and that their labour is sufficiently productive to furnish the means of their support, as well as that of the owner himself. How would the owner be classed? As a capitalist? No: for he owns no capital (unless in the modified sense in which the value of the slaves might be considered such); and yet he is an employer of labour.\*

\* It may be useful to note that the slaves would stand in a relationship to labour very similar to that of wealth to capital:

We have, then, the "industrial operator" as the employer of capital and labour. Are the respective interests of these two fellow-labourers (so to speak), opposed in any degree? We say: No. There are no good grounds for supposing, or for assuming, that they are *naturally* opposed. In one way, more especially, it has been frequently suggested that capital interferes with labour in a manner highly injurious to the labourer, namely, by enabling the operator (capitalist) to substitute machinery (machine labour) for the human labourer. But although the adoption of mechanical appliances oftentimes has, at first, an appearance of hardship to certain labourers, and has been sometimes so carried into effect as to constitute an injustice to the labourer, yet it would be easy to show that, eventually, and on the whole, such adoption of mechanical appliances is beneficial and advantageous to the labourer as well as to the community at large. Nor is it correct, in a general sense, to consider the adoption of machinery a substitution of machine labour for human labour, for it is really an improved method of doing certain work, with the expenditure of less labour and in a more perfect manner, which is effected by the adoption of suitable mechanical appliances.

A very little careful reflection may, at the pre-

for they contain *the labour* in themselves, which they furnish without ceasing to exist and without losing the potentiality to labour; just as wealth, after serving as capital, continues to exist and retains the capacity (property) of furnishing capital.

sent day, suffice to convince the intelligent British workman, that mechanical invention, and the adoption of powerful engines and improved machinery, which are the fruits of mechanical invention, have increased and not diminished the aggregate quantity of employment for the labouring class; and that, although the condition of the unskilled labourer may not be, at the present time, very satisfactory or advantageous, compared with that of the more wealthy class, there are good reasons for supposing that, were it not for the adoption of appliances furnished by mechanical invention, and the great development of industrial capacity, which is the consequent of their adoption, the condition of the labourer in England, and in other countries similarly circumstanced, would have been much less favourable. The present condition of the labourer in China and India, where the population has become comparatively dense, and the adoption of improved methods of labour has not taken place, may serve to furnish practical evidence of the consequences of neglecting to take advantage of the industrial improvements furnished by mechanical ingenuity.

But to look at the past and present in considering the correlation of capital and labour, and the effect upon the condition of the labourer, caused by the introduction to a large extent of machine labour, is not sufficient: the future has also to be taken into consideration. Moreover, in expressing the opinion that the labouring class, in the most civi-

lized countries has thus far on the whole been considerably benefited by the adoption of machinery, we do not intend to express the opinion that the matter has been viewed by the capitalists in the right light, nor that the interests of the labourer have received, in the arrangements which have been made, that consideration to which they are, when viewed in the right light, clearly entitled. To illustrate our meaning, let us again, for a moment, limit the conditions in a particular case, so as to bring prominently under consideration the manner in which the *inconsiderate* adoption of mechanical appliances may seriously and unjustly interfere with the interests of the labourer.

Supposing in a certain town, some years ago, before the introduction of sewing-machines, there was a quantity of sewing required which in the aggregate employed about three thousand seamstresses.

The sewing machine is invented, and the invention being perfected and found advantageous, it is introduced and generally adopted in the town referred to. The consequence is, that after a short time, notwithstanding that the population of the town has in the interim increased, the hand-sewing only suffices to employ one thousand instead of three thousand seamstresses; and these one thousand are obliged to do the work at a lower rate of remuneration, for otherwise much of that would also be transferred to the machine.

The immediate effect, therefore, in that town, of

the general adoption of the sewing machine, has been to deprive the two thousand seamstresses of the means of earning their livelihood. It is easy to say, "Let them find other employment," but is there other employment to be found, if they seek for it diligently? . . . For otherwise the suggestion may have that appearance of mockery and cruelty, added to what is already felt to be a great injustice. No doubt there is a set-off to the loss suffered by that particular section of the community which becomes the victim (so to speak) of the mechanical improvement in question. The manufacture of the sewing machines soon employs a large number of labourers. The rapidity of the work done by the machine, and the facilities afforded by it for applying the factory system to that description of work, soon lessens the cost of various kinds of clothing worn by the labouring class, and thus benefits the labourer. True, quite true; but there remains the awkward circumstance of two thousand seamstresses in one town\* deprived of their means of obtaining, by honourable labour, not only the comforts, but even, it may be, the very necessaries of life. What is to be said about the unpleasant thoughts which suggest themselves in this connection? Will conscience be quite satisfied with a remark such as, "Well, it can't be helped; it is a

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\* The number here is supposititious—as an example. It is not meant that this particular number of seamstresses were actually employed in some town referred to.

consequent of *natural* or of *inerorable economic laws*?"

Nor is it very easy to see at once the full effects of an alteration of this kind, although it is very easy, not only for light-minded and superficial thinkers, but even for statesmen and experienced politicians, to jump at conclusions about it, which will not bear scientific examination. We have remarked that one of the early consequents of the introduction of the sewing machine has been the employment given to many labourers by the manufacture of the machine itself. A few small factories, at first established, are soon succeeded by a greater number of larger factories, until the sewing-machine manufacture has attained an immense development. A large amount of capital becomes invested in the business, and a great number of persons find employment therein. But, observe! each sewing machine will do as much work as several seamstresses can do by hand, and a machine does not wear out for a considerable time. In order to fully effect the change, a great number of machines will be required to replace the hand labour, and, moreover, some increase in the quantity of work, in consequence of the lessened cost, will result from the adoption of the machine. Nevertheless, a time must come when the substitution being fully effected, the manufacture will overtake the requirements. All the sewing machines wanted will have been supplied! and: what then? "The machines will wear out, and new ones will be wanted in place of the old." True;

but the factories established, and which for several years have been in full work, are capable of supplying not only the new machines wanted to replace those which wear out, but ten times that number. Almost suddenly the sewing machine trade becomes remarkably depressed. It is an unlooked-for and apparently unaccountable phenomenon which manifests itself. Workmen at the factories are put upon half-time, and still the production much exceeds the demand, which continues to diminish. "What can be the matter?" "It must surely be reckless over-production which has caused this unfortunate state of things. Matters must soon come right, however. It will be only a temporary inconvenience, and then all will be again flourishing and prosperous." Ah! Is that a reasonable conclusion? The substitution has now been effected; it is completed and finished. On what grounds do your expectations of a revival in the demand, rest?

Perhaps, in this connection, the mind of the Statesman—carrying itself from the lesser subject of sewing machines to others of a more extensive character, namely, railways with all their various appurtenances and belongings, steamships of all kinds, enormous cities in many countries, each city representing a quantity of building so great that the aggregate seems almost incalculable, may perceive light penetrating into places hitherto dark and obscure. What if much of this work—of which, be it noted, much has the characteristic of substitution or of a supply destined to satisfy the

limited demand arising from the adoption of mechanical improvements,—should be brought to completion at about the same time? For example: When every town in England has been connected by railway with every other town; will not the English demand for the construction of railways cease? What would be the necessary *natural* consequence of the sudden cessation of such a demand? A great number of persons, who, for many years have derived their incomes from employments belonging to or connected with the construction of English railways, find the source of their supplies has become, almost suddenly, dried up, and their income from that source is at an end. If they no longer receive they cannot continue to purchase: their custom is lost by the retail dealer, who has hitherto supplied them. The loss of the retail dealer soon becomes that of the wholesale dealer. And, when the demand of the wholesale dealer falls off, what is the manufacturer to do? The factory must put its operatives upon short time.

To return to our immediate subject—the relation of the Capitalist and the Labourer: We will now suppose a country having, at a certain time, years ago, a population of twenty million inhabitants. Of these twenty, twelve million belong to the labouring class. Now in the course of thirty years, in consequence chiefly of the adoption of improved appliances and industrial methods, the annual income of this supposed country becomes so greatly

augmented, that at the end of the period it amounts to ten times as much as it was at its commencement. Does it seem quite just and right, that the whole, or very nearly the whole, of the immense revenue, arising from these improved appliances and their consequents, should be appropriated by the more wealthy eight million, and the twelve million of their poorer countrymen be excluded from any share in it?

How is it accounted for that such an unequal division of the national profits is commonly considered just and equitable? *Because* such division results *naturally* from, and is in accordance with, *the National Law*.

Let us now briefly consider: The Law, as correlated with the relation of Capital and Labour.

For our purpose, three kinds of law may be conveniently distinguished . . . *viz.*, Divine Law, Conventional Law, National Law.

“National Law” is compounded of Conventional Law and Divine Law; and it is always imperfect, because of the imperfections of Conventional Law of which it is in part compounded. For “Conventional Law” merely embodies the approved (temporary) arrangement, which partially educated and partially experienced men agree upon, at any particular time, as the most judicious, expedient and equitable, that, to their limited knowledge and experience, the particular circumstances, on the whole, then admit of.

“Divine Law,” which may be also termed “*The*

*Higher Law*," means the same as "human law perfected"; that is to say, it is perfectly just and perfectly comprehensive.

As civilization advances, as the human race in general becomes better educated, and as the dominant class, in any one country, becomes more experienced and Christianized, the imperfections in the National Law are gradually lessened, and it becomes more nearly assimilated to the Divine Law.

In Divine Law, as well as in Conventional Law, *Expediency* must have a place, when the law is applied to such composite circumstances and conditions as those of the human race in its progressive development. Expediency, indeed, must be considered an essential part or component of "intellectual law applied to human affairs," or, as it is usually termed, "Civil Law."

But *the Expediency* which is legitimate in the higher sense, must be equitable expediency; for Divine Law will neither approve nor sanction expediency which is wilfully unjust. Now, since in every country, and state of society, the conditions and circumstances undergo change as time goes on, it becomes requisite, from time to time, to readjust laws, of which the expediency may have been quite equitable, at some previous time, when they were enacted. This is more especially the case where the law regulates and controls the relationship between two classes in the nation, of which the essential difference, distinguishing the one from the other, consists only in the one being more highly

educated than the other. For the education of both is progressive, and if that of the inferior should proportionally make more rapid progress than that of the superior, the distinctive difference will become in that degree lessened, and the law, which may have been previously equitable in its discrimination, may become, in consequence of the change, inequitable, and require readjustment.

Now, supposing that a numerous class, or section of the community, feels itself, or considers itself, to be unjustly discriminated against by the law, in regard to its relation to the other sections: What is the duty of that class to itself and to the nation in respect to "the law?" And what is the most judicious and rightful conduct for that class, feeling dissatisfied and aggrieved, to pursue?

Its duty to itself and to the nation is, most assuredly, to respectfully regard, to obey, and to uphold the national law.

And the most judicious and rightful conduct for that class to follow, is to be most careful to keep the law on its side by acting lawfully; for, if the supposed grievance be really and truly a grievance, the higher law will then be in its favour; and it may be sure that, by acting lawfully and adopting such suitable measures as are lawful, the national law will be amended, and eventually become the safeguard of its interests. But if it act unlawfully, then, although the grievance be real, it puts itself in the wrong; the higher law will be also against it; the rectification of the grievance will most probably

be much postponed, and its case, perhaps, be rendered worse instead of better.

In support of this advice and in illustration of the consequences arising from a numerically strong and presumably aggrieved class acting unlawfully, let us turn to the page of history. It is now nearly ninety years since the poorer and almost uneducated class in France, misled by false and foolish teachers, rebelled against the law. Stimulated by grievances partly real and partly imaginary, they succeeded in overthrowing the ministers and executors of the law, and found themselves in a position to rectify matters according to their own ideas. We all know what followed: the Reign of Terror with its *guillotine* followed; and, ere long, the great French nation commenced to pass through various stages of anarchy and frightful misrule, carried on in the name of law and reason. After a time the whole nation became the slave of one man, and helplessly saw its sons sent to the shambles—to kill and be killed, in countries with which it (the nation) had no quarrel—to gratify the ambitious lust of that one man. A great man that one was, undoubtedly, so far as the energetic and courageous use of great natural abilities can be considered to constitute greatness. But, for the nation he enslaved: what an intellectual degradation for a proud, sensitive, and generous people . . . a people aspiring, indeed, to realise an Utopian dream of lawless liberty for itself, yet ardent with desire to advance the intellectual status of humanity for others as well as

for itself! What a terrible, but grand, lesson—on the consequences of contemning the higher law!

And have the many years which have since elapsed, sufficed, in their case, for that amendment which can only arise from a distinct recognition and acknowledgment of error? We fear that, to say the least, a wholly satisfactory answer cannot yet be given to the question. It would be unjust, indeed, to hold the whole labouring class of France nationally responsible for the vagaries of an extreme section, which, though numerous, may be only a small minority. But, then, Paris is a very large city, and to some extent the exponent of France. The frantic attempt of Communism to subvert law in 1871 is yet too recent an event to allow us to suppose the present educational condition of the lower class in France, to be politically much advanced beyond that of its predecessors who behaved so badly at the earlier period.

Another and yet more recent instance is that of the very serious labour riot which took place last summer in the United States.\*

\* Commencing with a *strike* arising from a dispute about the rate of wages between a railway company and some of their operatives, the men proceeded to use violence and to set the law at defiance. They were joined by many others, and having successfully resisted and overpowered the feeble force sent to restore order, their numbers rapidly augmented, and as, day after day, the dimensions of the outbreak extended in area and numbers, the affair began to assume a national aspect of a very serious and menacing description. Eventually, after setting the law at defiance for about three weeks and committing many acts

The injury done to the cause of the labouring class throughout the civilized world by this last mentioned affair it is difficult to estimate, but it is probable that it will continue to do not a little harm to that cause for some time to come. There is evidence, we believe, that comparatively few actual workmen were engaged in it, and that the acts of violence were not originated, and perhaps not participated in, by many of them. Unfortunately, however, it commenced with a workman's strike, and workmen identified themselves with it in sufficient number, to give it the character of a workman's riot. It is much to be regretted, we think, that the various workmen's Unions and Societies in this country, and also in the United States, lost the valuable opportunity to publish resolutions repudiating and condemning all such lawless proceedings.

To confound this foolish and disgraceful outbreak with the lawful and orderly-conducted workman's strike, would be most unfair and unjust towards the latter. It may be very readily admitted that strikes are undesirable and are directly injurious in their effects. This much the workman will admit quite as readily as his employer. But, because this is plainly the case, are we to condemn the workmen who adopt such proceedings, as acting wrongly and

of violence, including the burning down of a railway station and warehouses, the rioters were dispersed with less difficulty and loss of life than might have been expected from the number and character of those who took part in it.—*See last part of Appendix.*

foolishly, without carefully examining the reasonableness of the proceeding considered from their point of view?

The outside facts (so to speak), as they now present themselves are of such a noteworthy description that they may well suggest to those who are inclined to condemn hastily, the desirableness of exercising much caution. For example, it is an unquestionable fact that a very great number of labouring men have agreed, and do agree, in considering a strike an advisable and rightful, as well as a legitimate proceeding, and those who so agree are not unskilled and wholly uneducated labourers only, but mechanics and skilled labourers, having various occupations and to some extent the advantages of education. Nor do the men belong to one nationality only, but each of the most advanced industrial communities has its trade unions, and other such organizations, and, occasionally, has to undergo the infliction, and suffer the injurious consequences, of a *strike*.

Now a labouring man, though generally speaking without the advantages of more than a very elementary education, is nevertheless capable of reasoning; and he frequently has opportunities of exercising his reasoning faculties on subjects of immediate interest to him, such as that of his relation, as labourer, to his employer.

We have, therefore, the fact of a great number of reasoning men, engaged in various employments, agreeing in opinion on a particular subject, in

which they are much interested, and upon which their attention has been for a considerable length of time almost constantly engaged.

The question really turns upon the characteristics of labour. As we have already said, Economists have treated it as a marketable commodity, which has a natural price. But in speaking of, and professedly treating, labour as a marketable commodity, in fact they treat the *labourer* as a marketable commodity. The industrial employer, instructed by the Economist, says to the labourers: "You must understand that you *labourers* are just like so many bushels of potatoes. You come into the market and find your value. If there are many of you—more than are wanted for the work—down goes your value. In that case, of course, you are to be had cheaper. And if there are too few of you, and you are much wanted, then your value goes up. In the same way, precisely, as the vegetables; if too many potatoes come to market, and they happen to be not much in demand, they are to be had cheap; and if they are scarce, then they are dearer."

The labourers do not see, perhaps, exactly what is wrong in the Economist's argument, which is usually presented in a somewhat complicated and elaborate form; but they feel that they, as human beings, are essentially different from vegetables. Now the *strike* may be considered a reasonable protest, on the part of the labourers, against the proposition which places them in the same category as

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potatoes, and, at the same time, it serves as a practical demonstration that they are human beings, and not vegetables.

Writers in the daily journals and in other publications on the subject of labour-strikes, are, at the present time, very apt to lecture the labourer on his foolish and ill-advised conduct in making himself a party to the Strike Policy. "Cannot he understand that he injures himself and acts contrary to his own interest? He loses his wages, and deprives his family of their bread; and he injures the business not only of his immediate employer but also of the town or district by joining in the strike, and thus diminishes the quantity of work for himself and his fellows. The thing is so very plain: How is it the labourer cannot see it?" "Well," the labourer might reply, "I can and do see plainly enough what you mean, but I do not agree with you that your statement comprises the whole question. What you say is quite obvious and right as far as it goes; but *you* do not seem to apprehend that a strike is an objective proceeding; it is intended as a means to an end; it has a purpose. You say that I injure myself and my family by taking part in the strike: Quite true; that is the immediate effect. And if a man fights, whether with his fists or with a weapon, he expects to get injured: he knows he will be more or less hurt. Is that a sufficient reason why a man should never, under any circumstances, fight? If a nation goes to war: many of its subjects will be killed and wounded, and very much

damage be done. Is that a sufficient reason why a nation should never go to war? If not, then why do you jump at a conclusion before you have commenced your argument: for, if we are to argue the question, it is in the first place the purpose about which we must argue. If the purpose be not a good one, the strike is evidently bad in every way: because unnecessary as well as injurious; but if the purpose be good and its attainment be of sufficient importance, the question will be then, whether *the strike* is the most effective practical means we can utilize to effect and accomplish the important and desirable purpose."

The purpose of the labourer, which he endeavours to accomplish by the strike is, in its wider and more general expression, that which we previously mentioned, namely, to establish his right to be considered a human being and not a mere vegetable product. Is the purpose a good and worthy purpose? Is it an important purpose and such as to be worth making some temporary sacrifice of immediate self-interest to attain? Ah! What an immense difference this consideration makes. That which we were just now called on to condemn as the foolish conduct of the ignorant, now appears as heroism of a very exalted character. For what is heroism, if it be not the willing sacrifice of self-interest, and the endurance of hardship in order to accomplish a good and worthy purpose?

It may be that, in regard to some strikes and to some men, selfishness rather than a desire to benefit

others is the prompting motive. That, however, can only be the case where the strike is based upon a demand for an advance in wages for their own immediate benefit, without reasonable consideration for the rightful interest of the employer. We should be sorry indeed to be misunderstood as intending to say a word in commendation or in defence of *strikes* which have for their purpose to compel the employer to do that which neither the legitimate interest of the particular labourers who strike, nor the interest of the labouring class, in fairness and justice, calls upon him to do.

As to the serious injury oftentimes inflicted upon the interest of a manufacturing or [other industrial community by *strikes*, there is no room for question or argument; and, as to their extremely harmful influence on the industrial interests of this nation, the direct and indirect loss of wealth, and of the means of gaining wealth, which they have for some years past, and now are, causing to England, independent even of the personal losses and sufferings occasioned to a very great number of individuals, it may suffice here to observe that it is very great in amount, and very serious in character. But what then? Are we to blame the labourer? If it be his fault, indeed, let him be blamed; but, as we have said, it is his means to effect a purpose,\* and we, at least, are not aware that it has as yet been

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\* And, let it be noted that, it is the only means at his disposal likely to be effective.

reasonably shown by any one that the purpose does not fully justify him in utilizing the means.

In this connection, let us refer again to that great experiment in commercial and industrial economy, which this country has thought well to carry on for the last thirty years. We have set forth in our first letter some of the disastrous results of that experiment. Is the development, to which strikes and other forms of dispute between the employer and labourer have now attained, another of the outcomes of the (so-called) "free trade" policy?

The advocate of that which he considers the *natural* commercial system (and which we prefer to call the system of unrestricted competition), lectures the duck for not liking to be killed. In newspaper articles and in essays on the industrial prospects of the nation, he may be found to state the case, as he understands it, in this way:—"The workmen are unreasonable in refusing to submit to a reduction in the rate of their wages; for the selling price of the manufactured goods is now, in consequence of the dullness of trade and the competition with other manufacturers, less than it was; the old price can be no longer maintained. Now, since the manufacturer must have his profit, and the other expenses are substantially the same as they were at first, it is evident that the wages must be reduced or the manufacture be relinquished."

Here let us note, in the first place, that the dullness of trade does not in itself (of necessity) affect the value or price of the goods. The price is

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lowered because the manufacturer wishes to sell his goods rapidly, notwithstanding the dullness, and prefers to lower the price rather than to hold the goods. So, also, in regard to the competition, the one manufacturer reduces his price as an inducement to the consumer or retail dealer to buy from him; his competitor, finding that he is losing customers, reduces the price still further, perhaps, for the same reason.

The policy of thus acting, may be, on the part of the manufacturer, quite reasonable under the immediate circumstances, but why should the labourer be made the victim or sufferer by such a policy? It is not evident that wages must be reduced in the case stated: quite the reverse, for it is evident that they need *not necessarily* be reduced. Two other, quite distinct, methods, suggest themselves as alternatives. The one is for the nation, if it wishes to secure to its purchasers the supposed benefits of unrestricted competition in common between the producers (manufacturers) of all countries, to intervene and protect its labourers, by itself in part remunerating their labour. The other alternative is for the producers of the nation to combine and *establish the minimum prices* at which their respective goods shall be sold: the minimum prices being fixed at such rates as to enable them to adequately remunerate the labourer. In the event of the importer, or foreign producer, endeavouring to sell for less than the established minimum price, let the strength of the whole combination be exerted

to put down the attempt. There need be no question as to the success of such an association, because, in addition to their own strength and influence,\* the whole labouring class would be so directly and particularly interested in the defeat of any attempt to break the price limiting competition, that the few purchasers who might not be *ashamed* to make the attempt, would be deterred by fear of public opinion. We do not mean that such persons would be exposed to violence or unlawful punishment, but the conduct of a few such offenders being advertized, and the selfishness and want of patriotism involved in their conduct explained, it is not probable that many would venture to repeat it.

Whether this plan . . . of a national combination (association) of producers and labourers, themselves determining a limit, and enforcing its observance, or that . . . of the nation itself intervening and regulating the matter by part payment of the labourer's wages, may, on the whole, be preferable, is a subject for careful consideration; but, evidently under existing circumstances and conditions, mere fairness to the labourer calls for the adoption of the one or of the other.

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\* Wholesale and retail dealers might be also made directly parties to the rules of such "*National Association for the Prevention of Illegitimate Competition.*" The various "Boards of Trade" could probably be also utilized as valuable auxiliaries.

In the essay entitled "The Promotion of Home Industry as a National Policy," we proposed a means by which foreign produce and goods of foreign manufacture, might be admitted into this (or other) country duty free, and, at the same time, the home-producer (the manufacturer and the agriculturist) could have his rightful privilege of supplying the home market secured to him, so far as the ability to undersell his foreign competitor may be considered to secure it.

The means proposed, by which this may be done, is for the nation itself, through the agency of its State officers, to pay a part of the wages of the labourers employed by the subjects of the nation, in the various kinds of productive industrial occupation carried on in its own country.

It is evident that by this means, supposing no practical difficulties of an insuperable character interpose to prevent its application, the home-producer would be enabled to supply the home market on such terms as to secure him the preference, and would also be enabled to export his products and compete advantageously in the foreign market. This is, however, assuming the rate of wages to remain unaltered by interference: so that the producer (manufacturer) would be enabled to utilize the national *labour-subsidy* in a reduction of the selling price of his goods, without diminishing his profit.

But we now have another purpose, or rather, let us say, an additional and more important purpose

to effect, namely, that of increasing the rate of the remuneration paid to the labourer for a certain quantity of work; and we propose to effect this more important purpose by an extended application of the same means.

Let us now consider the scheme in its application to each of these objects, as though it were divisible into two distinct schemes—considering each of them on its own merits, in regard to the benefits which may reasonably be expected to result from its adoption.

*Scheme A.—The nation to pay a part of the labourer's wages—the present or market rate of wages remaining uninterfered with—in order to enable the home producer to compete advantageously with the foreigner.*

As we have already considered this proposition elsewhere,\* our remarks upon it here will be very brief. The plan could not, of course, be carried into effect without causing considerable trouble, but the difficulty of applying it, would be by no means great; certainly not greater than business men frequently have to deal with in the management of their own affairs. The following are some of the arrangements which the adoption of the scheme would necessitate:—

The division and subdivision of towns and

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\* "Promotion of Home Industry . . . as a National Policy."

"The Present Depression of Trade . . . its Cause and the Remedy."

counties into pay-sections of convenient size.

A classified registry of labourers in each section. [From which registry valuable returns of the number of labourers engaged in each kind of employment, for towns, for counties, and for the whole kingdom, could be periodically compiled.]

Buildings to serve as pay-offices (*i.e.*, banks) would be requisite, and special banking arrangements, in connection with the Government, for the convenient collection and weekly payment of the required amount, in each section or divisional district.

On the whole, as a change or modification in the internal business of the nation, it would be fairly comparable, perhaps, with the introduction of the penny postage system in regard to the probable amount of trouble involved. Of the two, the scheme now proposed would, we should say, require less originality in organisation, and be less complex in its requirements, than the modification in the Post Office system, necessitated by the reduction in the rate of postage. "But: How about the great number of officials you propose to employ? You admit that in the aggregate a great number would have to be employed, do you not?" "Yes: there would be a multitude of clerks (bank clerks) required, and a certain number of supervisors and accountants! Also, in the larger towns, buildings (banks) would have to be specially provided." "Well,

then, all this would be just so much additional expense to the nation. Whatever benefits may be expected, this great expense would be a clear *per contra* to be deducted?" "Oh no; not so at all. The people who receive these payments belong to the same community. They are a part of the nation. The money paid to them would not go from the nation, but would remain with it. The actual cost to the nation would be the labour expended on the food consumed by, and on the clothing worn out by, those persons who received the money. Nothing more than this; and, even against this, there would be a set-off, sufficient possibly to cover the whole of it, for, in this country, it is with a superfluity rather than with a paucity of labourers, we have to deal: evidently the clerks and others, thus engaged and paid by the nation, would make room for the employment of an equal number of persons in other kinds of business;\* whereas were these, or any of them, to remain in enforced idleness, from lack of employment, the nation would have to defray, at the very least, the poor-rate cost of their maintenance."

What are the expected benefits? (1.) The producers, having the home-market in a very great measure secured to them (although foreign products would be admitted duty free), and also the advantage conferred by the labour-subsidy to enable them

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\* In other words, the number of superfluous competitors for other work, would be lessened by the number of those employed in this manner.

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to export profitably, would carry on a prosperous and much augmented business within the home country itself, instead of being compelled to expatriate themselves and their labourers, carrying their wealth (capital) as well as their business, away from us.

(2.) The greater number of labourers who, being able to find employment, would continue to live in the home country, in consequence of the extension of manufactures and increase of business, arising from the advantages over foreign competitors, thus secured to the producer. Of the benefits accruing to the nation by the retention and employment of its labourers, we have already spoken.

Scheme B.—*The nation to pay a part of the labourer's wages: the rate of wages being considerably increased, with or without diminution in the hours of labour.*

Of course, much of the remarks just made, in reference to Scheme A, apply equally to Scheme B, and so do also the supposed objections. The measure of benefit to be expected, however, from the application of the scheme herein proposed, would be far greater. Let us come, at once, face to face with the formidable-looking amount of the labour-subsidy payments contemplated. In order to get a definite amount, for practical consideration of the proposition, we will suppose the number of the labourers to whom the scheme would apply to be four millions: and we will suppose the weekly addition to the wages to be ten shillings each re-

ipient.\* We shall then have a weekly payment of two million pounds, that is about a hundred millions a year, to be paid by the nation (by Government) to the labourers engaged in productive industry, as additional wages.

There are many persons, we are quite aware, who at first sight of such proposition, will deem it monstrously extravagant. "The nation to pay such an immense sum for nothing received! Why, it would ruin any country, however rich, in a very few years." But, in the first place, we do not propose for the nation to pay *away* anything at all; and, secondly, it is clear to us, that the nation would be an immense gainer by the arrangement. What would be the actual effect, when in operation? As to the nation paying away the money and becoming poorer, it would no more do so than a rich man, by taking a quantity of money out of one box and putting it into another,† would pay that money away and become the poorer. The Government would have to levy additional taxes to cover the amount paid out; so that it would be virtually equivalent to *A* and *B*, the more wealthy taxpayers, paying over their quota of such additional tax to

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\* This may be considered either as a uniform rate of ten shillings, or as an average of ten shillings. For the present purpose, it would be premature to enter upon the question whether the recipients should be classified, and the *bonus* differentiated as to its amount, according to the class.

† When both boxes belong to himself, and remain in his possession.

*C*, the labourer, and the wealth of the nation would not be directly affected by its mere transference.

Let us suppose the additional tax to be imposed in such a manner that its incidence would be, to a great extent, on the *superfluously wealthy* class, and that its payments would come mainly out of funds unemployed, and consider the effects of this transference of wealth. It may be well to note that if the wealth, so transferred, was, in the hands of the superfluously wealthy class, quite unemployed, it might as well have been buried, so far as the nation was concerned; and if, for want of other use, the wealthy possessor had invested it in Kamtschatka mines, of which enterprise the promoters reside at Kamtschatka, and from which investment he was not likely to receive any return for half a century to come, it would have been virtually lost to the nation; and, if it had been lent to some potentate to assist in defraying the expense of an enormous army, it might, possibly, have been even worse than lost to the nation. Now: What will the labourer do with it? Will he bury it? No; certainly not; nor will he send it to Kamtschatka. If he were really a vegetable, he might plant himself and be content to vegetate; but *that* is merely a conventional fiction of the economist; in fact he is a human being and an Englishman; the same in kind as *A* and *B*, only comparatively uncultured and intellectually inexperienced. Being like *A* and *B*, of the same nature and kind, *C*, the labourer, has, like them, desires which it would please him to gratify; a

fondness for the minor luxuries of life, and a liking to own a little property; a desire to show hospitality to his friends; and, not improbably, he may have a *taste* . . . a taste for gardening, for reading, for mechanical invention, or there may be some other occupation which, for him, has a particular attraction. To gratify any of such desires or tastes, to a man receiving twenty or twenty-four shillings a week, and working ten or eleven hours a day, is very nearly impracticable, even if he have no family to support out of it. But give him ten shillings a week in addition, and then: What will he do? He will proceed to make himself and his family, if he have one, more comfortable in their home life; a better dwelling, better furnished than the old one, and better clothing will usually be among the first results. And then he will proceed to gratify some of the desires and tastes of which we just now spoke. It is true that, if especially provident, he may take some of his additional income to the savings bank; but even that part of it would not long remain unemployed, and, in nine cases out of ten, the greater part of the *subsidy payment* would very soon find its way into the hands of retail traders such as upholsterers, linendrapers, clothiers, greengrocers, butchers, etc.

What effect would two million pounds sterling, expended amongst retail traders weekly, in England, in addition to their present trade receipts, have, in regard to the industrial condition and prospects of the country?

The effect would very soon be felt as an immense increase in business. Retail places of business, already established, would have more custom than they could supply; very many additional shops would soon be called for and opened, which would give profitable employment to a proportionate number of persons. The retail trader, whose business increases, must require supplies, proportionally greater, from the manufacturer and producer. Thus the factory, the workshop, and the market-garden, having to supply larger quantities of their respective products, a proportionally larger number of operatives will be employed by them, of whose wages, almost the whole\* will become a secondary addition, over and above the two millions, to the active purchasing capital, and will cause a secondary increase in the demand for increased supplies.

It seems scarcely requisite to further point out that, the various departments and kinds of business being so closely connected, the effect upon one must react upon others, and the general effect necessarily be to give a stimulus to the internal business of the country, such that an unprecedented activity and prosperity would result: for example, railway traffic would be considerably increased, and this might not improbably be the case to an extent so great that additional lines of railway com-

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\* That is, not only the *subsidy*, but also the employer's payment.

munication would be required, the construction of which would furnish further additional employment.

Not only the internal business of the country would be thus immensely benefited, but the export manufacturer would become most advantageously circumstanced for supplying all available foreign markets.\* Factories engaged in competition with the products of other countries would be fully employed, and probably the number of them would soon be increased. The iron-trade would recover vigour, because, at whatever price foreign iron might be introduced, it could be profitably competed with, and, if requisite, be undersold by the native product.

Another point, yet to be considered, is the proposed reduction in the hours of the workman's labour. This part of the proposition is quite independent and distinct, for such diminution in the time, which, to the employer, is, in itself, equivalent to a proportionate addition to the wages, might be made without subsidy payments or other alteration; and, on the other hand, the diminution in the hours of the workday need not necessarily be included in the scheme which we are proposing. It has nevertheless a very close connection to the other part of our proposal, and is so related to it as a whole, that we should much regret to see it omitted in the

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\* This is, however, supposing the amount of the subsidy to be differentiated in favour of the manufacturer for export. Or, otherwise, an additional *bonus*, on the plan of scheme A, could be made available to support the nation's manufactures.

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realization of the project. The fact is, we believe, that such diminution in the work-day hours without an increase of wages, would be but a somewhat questionable boon to the ordinary labourer. It would certainly tend to keep a great number of labourers in the home country, because the same quantity of work would then employ a greater number of hands. But, to those engaged in regular work, to have several hours more at their own disposal, without the means of procuring any of those things which promote, and are almost necessary as aids to, the rational enjoyment or to the utilization of such leisure, would be very likely to prove harmful instead of beneficial. When, however, by such addition as we propose, the means of procuring these aids is put into their hands, it becomes quite another matter.

It may, at the first moment, strike many persons as another extravagant idea, to say, as we now do, that it would not only *very much* advance the higher interests of the nation, but would also increase the business profit, and so serve, in a business sense, the immediate self-interest of the nation, to accompany the addition to the wages with a reduction in the hours of the work-day. For, evidently, taking the broad view of the case, if, working the longer day, there are a certain number of labourers in the country, all of whom have to be supported by the nation, and, the same labourers can do all the work required, by working the shorter hours, the nation loses nothing. But if the

workman, having three or four or five hours a day at his disposal, should occupy himself in any kind of productive industry (market-gardening, for instance), which we believe that very many would do, then the result of that labour would constitute so much profit or wealth gained by the nation.

We may here briefly summarize, under the two principal heads, the great benefits which we feel sure may be safely predicted as the primary and direct result of the proposed measure when put into operation.

We have supposed four million labourers to be the direct recipients of the labour-subsidy, which amounts to two million pounds weekly. Now, four million men represent, at least, twelve million persons, so that we have: (1) The natural lives of (say) twelve million persons, rendered more happy and more useful; for it cannot reasonably be doubted that the effect of the additional income will be to elevate the domestic life, to improve the morality, and promote the physical and the mental well-being, of the labouring class. Moreover, the benefit of this kind will not be confined to the twelve millions, for the effect will certainly be to raise generally the minimum rate of wages to the same, or very nearly the same, as the present rate, increased by addition of the national subsidy. Also skilled labourers and clerks with salaries of a hundred a year or less, will certainly obtain a considerable advance in the rate of their remuneration, by which their families, as well as themselves, will be benefited.

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We spoke of the increased taxation requisite to provide the two millions of weekly payment being levied mainly upon Class A (the extremely wealthy class); but now, with the immense prospective increase of business before us, let us ask, whether it seems likely that, supposing this additional amount were to be obtained simply by an increase of the general taxation, it would be felt to be burdensome by the general body of taxpayers. The labouring class would not complain, because it would be merely a small contribution on the part of the labourers towards a fund the whole of which would, when collected, be paid over to themselves. And as to the intermediate or middle class, would it not, on the whole, instead of having sacrificed a small part of its previous income in favour of those less fortunately circumstanced, find, in addition to very great benefits of another kind, its income actually augmented?

We shall now propose a means whereby the great and manifold benefits we have indicated, as consequent on a considerable increase in the remuneration of the labourer, may be obtained without even the appearance of paying away any part of its money or wealth on the part of the nation.

Instead of Parliament voting a sum for the labour-subsidy payments, or any other plan being adopted which might interfere with, disorganise, or complicate existing monetary arrangements, our proposal is for the Chancellor of the Exchequer, or the Government department of the Bank of England,

to issue *labour-subsidy notes*, to the total amount in value of fifty million pounds. Upon these notes would be printed the words, "Acceptable, as legal tender, for face value, in payment of any Government tax; if presented before . . ." (*specified date*). This would secure the note from depreciation, and insure its capacity to serve as a limited instrument of currency. It would also (or could be made to) insure the early return of the notes to the Bank, so that the total quantity issued would not have to be much in excess of the quantity actually required to furnish the weekly payments from the time of one issue until the time arranged for the next succeeding periodical reissue.

The *labour-subsidy notes* thus created would be quite independent of other monetary instruments, a circumstance which would simplify the transactions, and enable the matters connected therewith to be more easily kept distinct and separate from other financial business of the State.\*

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\* It is not unlikely that we shall be accused of having rediscovered "the philosopher's stone;" that is to say, of having proposed a ready means of creating wealth out of paper and printer's ink. In the event of such accusation being brought against us, we repel it in advance by repudiating the supposed discovery. We are in agreement with those who believe a five pound note to be worth the paper and labour employed in its production and nothing more, and that however many of such notes may be issued by the Bank of England, or by any other bank, or by the Government treasurer, the national wealth will

The most important of the apparent objections to the proposed scheme which will, we think, suggest themselves to the minds of practical men, are the following :—

(1.) That if such a *wages-bonus* be paid to some labourers and not to others, those not receiving it would feel that they were treated with unfairness; whilst, on the other hand, it would be practically almost impossible to remunerate in such a manner each individual labourer. With regard to this objection, we have to state that our proposition is for the nation to pay the subsidy to labourers engaged

not be increased in any degree thereby. But if by this repudiation we escape "Seylla" on the one hand, there is "Charybdis" not far distant on the other. "Inflation of the currency," some one exclaims, "with all the dire evils attendant thereon. You propose to inundate the country with this enormous addition to the instruments of currency, apparently quite ignorant or regardless of the effects of such a proceeding upon the business and commercial interests of the community." To this charge, if made, we reply without hesitation, that, inflation of the currency is a mere bugbear of the economist's imagination. It is a supposed state of things which "all the king's horses and all the king's men" never have been, and never will be, able to bring about. It would be difficult to persuade a man to wear more than one pair of boots or more than one hat at a time, merely because more of each are easily procurable. Just so with instruments of currency; people will not use more than they want. A bank may issue as many notes as it likes, but if

in industrial labour of a productive character, and in no case where less than four labourers are working in association under the same employer. A man working for himself would receive no share. Neither would domestic servants, nor railway servants, nor cabmen. Obviously, however, the effect would be to increase the rate of wages paid to railway and domestic servants, and to increase the earnings of cabmen; for, very soon, the servant, if not paid the former rate of wages increased by an addition nearly equivalent to the subsidy, would seek employment in some one of the productive industries entitling him to receive the subsidy. In

not wanted they will either immediately return to it, or else displace some other instruments of currency previously in use to the equivalent amount. It is from the imperfect observation of this displacement that the plausible fallacy expressed by "inflation of the currency" has arisen. For, where several kinds of currency are in use together, as in the more civilized countries is always the case, the one kind may be inflated at the expense of the others: that is to say, the relative quantity of that one kind may be made greater than the convenience of the community requires. Thus, the silver currency may be inflated at the expense of the gold, or the gold currency at the expense of the paper currency, or the paper currency at the expense of the coin currency. In either of these cases the aggregate quantity of currency in use by the community remains unaltered, but a certain quantity of the one kind is displaced and suppressed by the excess or superfluity of the other kind.

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the same manner, mechanics and other skilled labourers,\* who would not be recipients of the subsidy would very soon obtain an advanced rate of remuneration for their labour. This, it may be thought by some persons, would be a hardship and injury to those who have to pay the higher rate. To which we reply that such a conclusion is *begging* and not arguing the question. It may, indeed, be made the subject of argument, and we will allow there is herein ground upon which adverse argument may be stated with some show of plausibility; but we are quite sure that such argument logically followed out will finally leave the objectors on the wrong side. There would be, no doubt, some temporary inconvenience to individuals in the readjustment of matters under the new arrangement, as in changes in national policy, or alterations in the mode of conducting public business, there must always be, but there would be no injustice.

(2.) *The Army and the Navy.*—"Would the soldiers, when the labourers were receiving the proposed addition to their wages, be satisfied with the present rate of payment for military service?" No; it is not likely that they would be. "But then, fifty per cent. addition to the pay of the soldiers and sailors, would make a very awkward looking item in the Estimates?" So it might, seen from a distance, have a very unprepossessing appearance; but if not

\* Including office-clerks of the lower grade, shopkeepers' assistants, and so on.

too much alarmed to look at it more closely, its aspect would become, we think, much more pleasing. In the first place, we will again repeat the axiom, already several times stated:—If the soldiers belong to the country and retain or spend their money in the country, the nation will be not one whit the poorer, even though it pay them double or treble the present rate; for the soldiers themselves constitute a part of the nation, and the property of the English soldier, living in England, is a part of the wealth of England, just the same as if it were the property of the English banker, or merchant, or the wealthy commoner or of the peer of the realm.

Another consideration belonging to this division of the subject, is embodied in a suggestion already put before the public some time since in our elementary treatise on Political Economy. It is . . . that the soldiers of the regular army, when not engaged in active service, should be extensively employed in industrial labour. For example: How much of the work in the construction of the railways of England might have been advantageously performed by soldiers? \* We do not mean for the soldiers to be disbanded or set free to seek such employment for themselves; but to be employed in companies, brigades and detachments, under their commissioned and non-commissioned officers. The practical

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\* And, also, much of the work connected with arsenals, Government docks and fortifications, might be advantageously performed by the sailors of the Royal Navy.

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benefit to the soldier as a soldier, would be very great. He would be inured to long-continued physical exertion and his powers of endurance developed. Officers and men, being engaged in actual work together, would become more intimately acquainted. Many of the qualities, indeed, which are considered characteristic of a veteran army, would be conferred on soldiers who had never been engaged in a campaign. For such labour they would be remunerated. Very gladly would the railway contractor avoid the difficulties and uncertainties attendant upon the employment of a large number of the lowest class of labourers, by agreeing with the military superintendent to have furnished so many companies of soldiers: they undertaking to work so many hours a day upon the work specified, and he (the contractor) agreeing to pay them weekly the stipulated rate of remuneration. But here, we may suppose, another objection is brought forward: that the effect of this would be to deprive the labourers of their means of subsistence. "The labour market is already over-crowded; if the soldiers are to do the labourers' work, what is to become of the labourers? Have you not forgotten that to take away the workman's work is to deprive him of his bread?" To this we reply that it need not necessarily have such effect. It would certainly be better not done at all, than done in a way which would have such a result. As we propose to do it, it would have the effect of greatly benefiting the labourer as well as the soldier, and of increasing the wealth of the nation. To

show how this effect may be made to result, we have only to refer to what has been already put before the reader a few pages back. By shortening the hours of the work-day to the labourer, and increasing his wages, the lesser quantity of work would be made to employ as many or more labourers than the larger quantity previously required, whilst the labourer, with time and means at his disposal, would employ himself, independently of, and in addition to, his enforced labour, in the production of wealth; which product would constitute an addition to the wealth of the nation.

(3.) The third objection, which we foresee will be made to the application of our proposal, is of a more general character, and we will at once admit that it is more formidable and more difficult to answer satisfactorily than either of the two preceding; namely, it will be objected that the adoption of the proposed plan would introduce and inaugurate a system to the extension of which there is no natural limit, and which, bearing within itself the elements of dissatisfaction and change, would not be permanent, and possibly cause periodical confusion. It may be said:—"If you begin by giving the workman this addition, before long they will want more. They will then have this instance to go on for a precedent. How are you to refuse them, and where is it to end?" Foreseeing this apparently forcible objection, it is desirable to state beforehand that answer to it, which will, we think, be found, on careful reflection, sufficient to counter-

act and remove the unfavourable impression which otherwise it might make on many minds.

The system of national *subsidy* payment to labourers is not proposed nor contemplated by us as a permanent arrangement. How long it might be expedient and desirable to retain the system when once inaugurated is uncertain, because dependent on future events; but it is very likely that it might be only a very few years; for the effect would be, certainly before long, and probably very soon, that in other countries the wages-rate would be assimilated to the advanced rate in this country under the new system. As soon as this approximation in the foreign rate should have established itself, the occasion for the subsidy payments would have been removed. The more direct and simple method of a periodical revision of the minimum wages-rate by Parliament, or by a Committee specially appointed for the purpose in the interest of the commonwealth, might be then advantageously substituted.

We have now made our proposition with sufficient fullness to enable the public to consider its merits and demerits. We are quite aware that in doing this we are asking a very difficult thing, for we are asking the national mind to free itself from the trammels of a long cherished prejudice. We might take for granted, some would say, that there is no likelihood whatever the national mind will take heed of such a proposition. We think differently; but even if we did not, seeing as we do, distinctly

and vividly, the immense importance of the case thus presented, we would make the proposition and commend it with such strength and ability as we can apply. We say it is important: Was there ever . . . has there ever been . . . in the history of great nations, an opportunity greater or more important than that which we have herein had the honour to point out to the public of our country, as now fully ripe and awaiting their action.

There is yet time to make this a gracious act of free-will regard and sympathy on the part of the dominant class towards their less fortunately circumstanced brethren. For there is not as yet an imperative necessity to take such a step. We are not, apparently, at the present time, menaced by such pressing danger as to make immediate action a necessity. We are not, for the moment, called upon to yield to force or to aggressive clamour. But where would be the generosity or the grace in the act when such a state of things should have become existent?

There are some persons who can scarcely listen to such a proposition rationally. "Rank Communism," "tampering with the rights of property," are judgments which we are quite prepared to hear passed upon the proposal by some economists and politicians. It is not, however, Communism which we advocate, but the legitimate means of avoiding the evils which would attend an endeavour to realize Communism, and of silencing the theoretical Communist by demonstrating that the characteristic of

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the presently dominant class, is not that devotedness to selfishness and self-interest which he represents and supposes it to be. Nor is it any interference with the rights of property which we propose. It is the legitimate means of preserving and rendering more secure the invaluable rights of property which we are advocating. We do not suggest that any one's property should be taken from them and given to some one else. The important question we have herein propounded and endeavoured to answer, is as to the equitable division of the national profits derived from the business of the nation in the future, and not as to any fresh division of, or interference with, the wealth already acquired, and now possessed, in shares of very various proportions, by individual members of the nation.

There is yet one more aspect of this case we are desirous to bring under the consideration of that class of our countrymen to which we are, in this question, more particularly addressing ourselves, namely, the educated middle and moderately wealthy class, to which we also individually belong.

What we here propose and commend so strongly as desirable to be done is, or would be, the reasonable sequence to what has been already done by us, as a paternal dominant class. There are some things in the most recent period of her history of which England may be justly proud. Of these, one of the most indisputably praiseworthy and creditable is that promotion of the education of the poorer class, which may be considered one

of the distinguishing characteristics of the present time and the period immediately preceding it . . . that desire to impart the benefits and advantages of education to the children of those too poor and ignorant to be themselves able to give or to comprehend the great value of the gift; the sincerity of which desire has been made manifest in the liberal contributions of funds, in the provision of numerous schools, in the enactment of special laws, and, in no small degree, in the sacrifice of time and ease in order to render the aid of personal assistance. But here let us reflect, and observe that the benevolence, for which this work is entitled to credit, will only fully appear as beneficence when the work is fully completed, and that the motive of sympathy and philanthropy, which prompted the commencement of the work, will most surely display its strength and purity in the fulfilment of it. In the Book of great authority, we are taught that:—"If thou bring up thy servant as thy son, then he becomes thy son." That is to say:—By the higher law; if a wealthy man prepare another to receive certain benefits, which he (the wealthier) is able to bestow; and raise the expectations of that other by his conduct, it is an implied promise that he will confer those benefits, which promise he is bound to fulfil. Now, this is the kind of relationship between the wealthy or well-off man and the poor man's son, which has become existent, in part at least, through the deliberate act of the former. What would be the position of matters if we now declined or neg-

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lected to finish the great work we have undertaken? We should have deliberately employed the means to develop faculties and awaken desires in those who would otherwise have been unconscious of them; and then we should seem to these expectants to mock them. It would be to them as though we should say, "By our interference and assistance your intellectual faculties have become educated. You have now become aware of the superiority of an intellectual life over a mere animal existence. You have been made acquainted with the means of gratifying intellectual desires, and have become cognizant of the nature of intellectual pleasures. But we do not intend to go any further in assisting you: nor can we allow you to make use of that which you have acquired. You now perceive that intellectual pleasures are nigh at hand, and feel your capacity to enjoy them: but they are not for you. You see that you are surrounded with the means of satisfying your intellectual desires: but those things you must not touch. It is probable, nay, it is certain, that you will feel more keenly than heretofore that you are not mere vegetables or vitalized machines. But you have been so classed by experienced economists, and our fathers and forefathers have so considered and treated you: wherefore you must be content still to be so regarded and treated."

In our first letter, on the present commercial policy of this country, we have stated the reasons why we think that England has, in these last years,

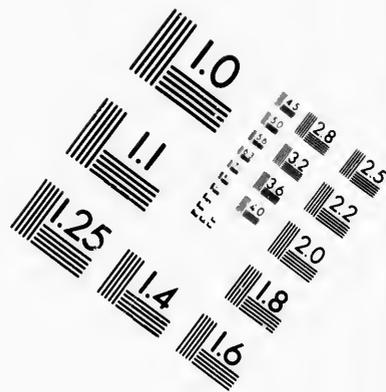
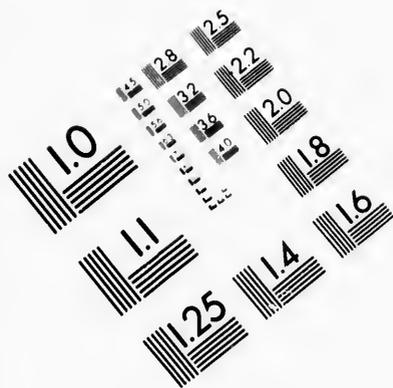
in consequence of the bad system adopted, lost some of the potentiality of acquiring wealth which belonged to her, and that, instead of increasing that potentiality, it is now being transferred to others or supinely allowed to be taken from us. Nevertheless we are much impressed with the immensity of that potentiality which England has for a long time past possessed and still does possess. It seems to us that the actual wealth of England, compared with that of other nations, is greatly underrated, even by those who might be supposed most capable of forming a correct estimate. We are told that each of the nations of the civilized world owes a debt of considerable magnitude, which is called the national debt of the nation which owes it. We are told that amongst these nations the British nation is one: and that the National Debt of England is enormously great, exceeding in magnitude the debt of any other nation. And we are taught to regard this great debt as a *per contra*, to be deducted from the aggregate wealth of the nation. Now this is not true—not even partially true—but wholly untrue. *There is no National Debt of England.* It is not true that England owes such debt.

“Are we in earnest? Do not great commercial and financial authorities agree that this debt of vast magnitude is existent? Do not politicians, in and out of Parliament, deplore its baneful influence and depressing effect upon our industrial energies? Do we suppose all these experienced persons to be mistaken?” To this we reply that, if it were a question

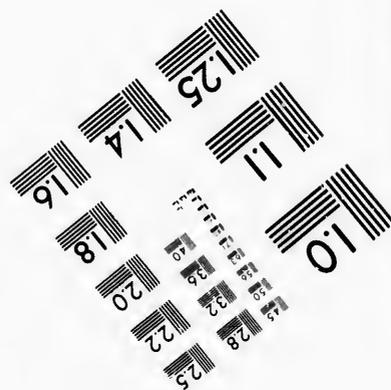
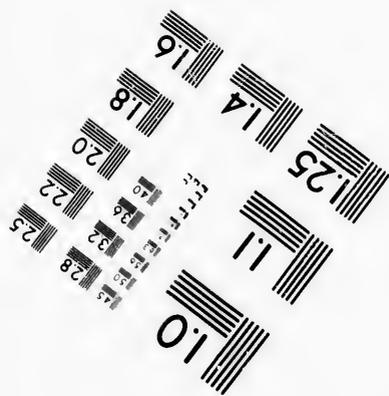
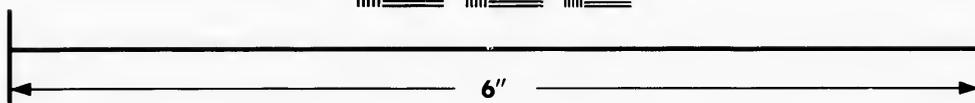
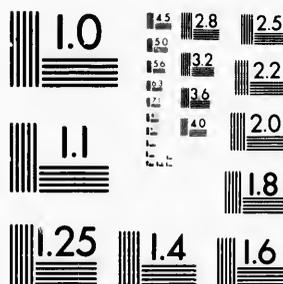
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about which only experts and experienced financiers could form a safe judgment, we should hesitate much before entertaining a supposition that they could be all mistaken. But it is not as a question of authority and experience that we are considering it; nor is it necessary to do so; for it is a plain matter of fact; and *in fact* they are mistaken. There is *in fact* no national debt of England.

Let us observe that a person, or an association, may, for certain special purposes of their own, attach a limited or peculiar meaning to a word, and in that sense make use of the word. So long as all those persons using the word in its peculiar or technical sense, distinctly understand that it is so used, all may be well and unobjectionable; but if the word be so used to convey information to some one who is sure to understand it as used in its more usual and general sense, the result will be that the person to whom the information is imparted will be misinformed. Now, in book-keeping, accountants have found it convenient to adopt a form, in some of their accounts, by which one department of the business, to which the accounts belong, is made a debtor or a creditor to some other department of the same business. The proprietor of the business is thus, by a sort of technical fiction, made a debtor and a creditor to himself. Persons unacquainted or unfamiliar with the practice of book-keeping, may readily apprehend the conditions of the case by supposing a man to keep a cash account between his two pockets. He transfers, for instance, five

sovereigns from his left to his right pocket, and takes note of the transaction by calling his right pocket debtor to his left pocket for the £5 transferred, the left pocket becoming, of course, creditor for the same amount. It is very evident that such transfer does not affect the wealth of the man who owns both pockets. But now supposing the man to tell some one he owed a debt of five pounds, without explaining that he meant his right pocket owed his left pocket five pounds; would not the person who received the statement, misunderstand him to mean that he, the man himself, owed the five pounds to some one else. In fact the man would have stated what was untrue, and misinformed the person to whom the communication was made.

Now this is precisely the state of the case in regard to the so-called national debt of England. Tomkins is one of the public creditors; Smith is one of the public debtors. Both Tomkins and Smith are Englishmen, and resident in England. Smith debtor to Tomkins for so much. Just the same as right pocket debtor to left pocket. The nation is not in debt, because Smith owes Tomkins the money. If Brown, of the City of London, lends Jones, of London, a thousand pounds, and the money remains in England, the wealth of England is not affected by the transaction. But if our Government should authorize the King of Abyssinia to expend five million pounds sterling on torpedo experiments, with a formal undertaking to pay him the five millions on de-

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mand, that would constitute a national debt of England to that extent.\*

The question of the reality or unreality of the so-called national debt of England is connected with what has gone before, because it affects the estimate of the profits of the national business. It is not, however, the whole of the existing misapprehension and confusion of ideas on the subject which

\* Supposing the five millions to be paid off, the debt would of course be extinguished. But let us suppose that, in order to pay the King of Abyssinia, our Government borrows the money from Messrs. Bullion and Co., of London, agreeing to pay them interest at 3½ per cent. for the loan. As the Government does not wish to repay the principal for some time to come, and Bullion and Co. will, from time to time, require some of it, the loan is funded, and, under the name of the Abyssinian 3½ per cents., remains permanently to form a part of the so-called national debt. But the nation *has paid off the debt*, and has done with it. Instead of levying the amount from the taxpayers throughout the country, the Government has obtained it from Bullion and Co. (who are British subjects and taxpayers), and have agreed to pay them £175,000 per annum out of the national treasury for the accommodation. If Bullion and Co. chose to make a present of the money to the Government, the nation would be made no richer thereby. Whether it would be benefited or not, would depend upon the manner in which the money would be employed by the Government, on the one hand, or by Bullion and Co., if they made use of it, on the other. In fact, Bullion and Co., would make a present of the money to their fellow taxpayers, but not to the nation.

Bullion and Co. might, if they pleased, make a present of it to the bricklayers, or to the cabdrivers, of England, and in either case it would, no doubt, be thankfully received and found useful, but the nation would not be made directly any the richer by such transference of a part of its wealth.

is thus made manifest. To explain the matter more fully, we will remark that the wealth of nations may be considered as relative. One nation is wealthy compared with a second which is relatively poor. But the second may be wealthy compared with a third, which is much poorer. Writers on this subject, even recent and experienced writers, present the case in this way: They arrange a table of the national debts of various nations, putting opposite the name of each nation or country the amount of its national debt. Thus we find, for example,

For the year 1875, Great Britain ..... £775,000,000

” ” United States (about) 500,000,000

The amount set down as the debt of Great Britain is, as we just explained, in such a sense a delusion and a snare: there is no such debt.\* But with regard to the United States. There a large part of the amount set down is actually owing by the United States as a nation. The difference is therefore very great, inasmuch as England does not owe any part of the amount put down against her, and the United States does actually owe a large part, perhaps nearly the whole, of the amount set down to her debit. But that is not all the differ-

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\* For the fuller discussion of this subject, see "The Characteristics and Signification of National Debts," by Kuklos. It was computed that in 1875, the National Indebtedness of the American Continent was, as nearly as possible, equal in amount to the so-called National Debt of England . . . namely, 775 millions.

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ence, for a large part of the United States' debt is owing to England. So that not only England does not *owe*, on the one hand, but owns as creditor on the other. And this applies not only to the debt of the United States, but to the national debts of almost every other country: namely, a considerable share of the debt of each is owing to England. Again, to obtain an adequate idea of the wealth and past profits of England, we must remember how much English capital has been invested in other countries. In the railways of America, and of the continent of Europe for example, and also in the Colonial part of the British Empire, in India, Canada and Australia.\*

\* The question of the interference of one nation with the action of another, or in the affairs of other nations, does not seem to us to have received as yet that kind of systematic consideration, to which, as belonging to national and international law, its importance entitles it. Political Economists, and statesmen even, do not appear to have become fully observant or aware of the very different modes in which such interference may take place. There is the direct interference by the nation, and the indirect interference. The interference for the sake of its own material interests, and the interference for the sake of civilization, of law, and of order, in which things all nations are interested. There is the witting or intentional interference by the nation, as a policy deliberately adopted with a distinct recognition of the responsibility attaching to it, and with the expectation of a result which the interference has for its object. And there is the unwitting or unconscious interference by the

We remember meeting somewhere with an argument, of which the nature of England's National Debt formed the subject. At first the

nation, in which it acts, or, rather, allows itself to be made to act, without its knowledge and without consideration or regard, on the part of its agents, to the possibly very serious effects of its interference and to the responsibilities involved in its action. Also, generally, the reasonable, justifiable, judicious, and salutary interference may be distinguished from the unjustifiable, impolitic, uncalled-for, and vicious interference.

Of the unconscious interference by England, through her unrecognised agents, in the affairs of other nations, many examples might be adduced. One such was furnished by the American War between the confederated Northern and the confederated Southern States. Now, in that contest, the declared policy of England was neutrality, and yet if we do not mistake, England interposed to such an extent as to have decided the contest, and to have ended it in the reverse way to that in which, without the interference of the English nation, it might, and, not improbably, perhaps, would have, terminated. For was it not the wealth of England which, poured into the treasury of the Northern States, enabled them eventually to overwhelm their opponents? \* It might be going too far to say that the gold of England has furnished Russia with her military railways. It may safely be said, however, that

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\* The National Debt of the United States, which in 1861 was £18,000,000, was increased to £561,700,000 in the four years of war which followed.

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our interference, by furnishing her in some measure with the requisite means, has much assisted her in their acquisition. And then, again, in the present war, the declared policy of this country has been non-intervention. But have we not interfered on both sides, and, to a considerable extent, armed and supported both combatants, enabling them to prolong the strife, which the exhaustion of their own limited resources might otherwise have brought to an earlier termination or confined within a more restricted boundary?

If those very wealthy and much respected subjects of Great Britain, Messrs. Thomas, Richard, and Henry, were to club together, and present several fully-equipped war-ships to a potentate with whom Great Britain was presumably on the eve of war, there would be an outcry, undoubtedly; it would be deemed unpatriotic and improper; but we are not sure that even then it would occur to the national mind that those gentlemen had, without the nation's consent or knowledge, taken a part of the nation's wealth, and given it to the nation's enemy. This, however, is what the subjects of Great Britain are and have been doing constantly, without let or hindrance, for a long time past, only in a mode a little less direct. Jones has a large sum of money to invest. The Government of some foreign State is desirous to increase its resources by outside aid. A loan is negotiated, and Jones' money goes directly or indirectly as a part thereof. If the foreign Government is successful in its enterprise, and fortune is propitious, Jones may, after a time, receive a hand-

actually existent and must have a meaning, and he asked what that meaning is. . . If we remember aright, the only answer he could find was that it

some rate of interest for his money ; if not, he and the nation to which he belongs, jointly lose the amount. What we wish to draw attention to here, is the circumstance that Jones, most probably, knows nothing whatever of the political designs of the State which he is furnishing with the means of action : whether the internal administration of the State is in harmony with the principles of Government advocated by his own country, whether its foreign and commercial policy is such as to advance the interests or to conflict with the policy of the nation to which he belongs—Jones does not know ; nor does he care to make inquiry, for he considers it does not concern him, and is none of his business. He is a commercial man, and, as a commercial man, is well-informed and intelligent ; but he may be not well qualified to take upon himself very important *national* business. If the nation think well to appoint him as its agent, it would be much preferable for him to be formally appointed as such, with the recognised responsibilities belonging to such a trust. It would not indeed be desirable, unduly or in an uncalled-for manner, to interfere with the freedom of commercial enterprise and the liberty of the speculative trader ; but, surely, there is a wide field for the legitimate exercise of commercial speculation without trenching on the province of the statesman. It certainly seems to be contrary to the principles of good government that the wealth of a nation should be employed by its subjects on foreign soil without control by, or regard to the interests of, that nation. It is true that a nation, as a unit, stands politi-

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must after all be a debt, because it was certain that a large amount of wealth represented by the so-called debt had been expended by us as a nation,

cally *in loco parentis* to each and every of its subjects, and, like other parents, must abide the consequences of the wise or foolish conduct of its children. Nevertheless, there should be a reasonable limit. If Jones injudiciously invests his money in the Kamtchatka mines and loses it, the loss is more serious to himself individually than to the nation. But if Jones, and Tom, and Dick, and Harry, scatter the nation's wealth, at haphazard, amongst foreign States, in a manner to cause political disturbance, the result may be grief and tribulation, as well as loss, to their national parent.

All Europe has just heard the opinion of an eminent statesman on *national interference* of another kind. The expression of that opinion had somewhat the sound of a menace. It is not, however, needful, and would be, therefore, uncharitable so to construe it. As a caution or warning, therefore, let it be understood. "France acted unwisely, in a manner ill-advised, and which the event proved to be detrimental to her own interest, by her interference, after the battle of Sadowa, to prevent the ruin of Austria. Therefore let not other nations follow that example, lest they bring upon themselves ill consequences and punishment such as fell to her lot." The example here brought forward is perhaps unique, at least no other instance of an exactly similar kind occurs to us, where the interference by a third nation was to avert the extreme consequences of disastrous defeat from one of two combatant nations. There have been, however, occasional instances of a nation interfering

and since the value remains still in the country, it must be owing by the nation. Now assuming that we have correctly stated the argument, from

to aid and protect another by material support from destruction by superior force. But with reference to the example adduced, was Prince Bismarck justified in his statement as to the event? Is it possible that the sagacity and astuteness of the experienced politician was at fault; that he committed himself to a circumstantial error, and rendered nugatory his advice by basing his monitory counsel upon a supposed event which never really occurred. Did *France* interfere for the rescue of Austria after the battle of Sadowna? It is a question of fact belonging to recent history, and yet not very easily answered. There are really two questions included in the one. Did France interfere? And, if France interfered, was it for the sake of rescuing Austria?

We well remember that, at the very commencement of the Franco-Prussian war, at a time when the opinions and sympathies of Englishmen were much divided between the belligerents, the draft of a most iniquitous treaty between France and Prussia was published in the *Times* newspaper, of London, which treaty was authoritatively stated to have been proposed by the Emperor of the French, Prussia having been secretly invited and urged to join him in it.

The effect of the publication was unquestionably to turn very many of those Englishmen who were previously neutral, or favourable to France, strongly and decidedly against France and in favour of Prussia. (Let this incident be again noted, for it was very noteworthy, and the impression made by it at the

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time having been partly obliterated by the exciting events which immediately followed, it has had, perhaps, a less share of attention allotted to it than the important influence it exercised renders desirable.)

The question is suggested: Is it probable that England would afterwards have interfered between Prussia and France, if this circumstance had not taken place? The effect of the publication was very great. Amongst minds, undecided and engaged in balancing their opposing sympathies, it fell suddenly, like a bomb-shell, and exploded. Falsehood, treachery, and deceit, which Englishmen do not love, were (apparently) shown by the evidence of this remarkable document to be all in the one camp; and so the sympathies of Englishmen must go to the other. Whether the national mind of England would otherwise have prepared itself to speak and act under certain eventualities cannot now be known. What England actually did, we all know. She looked on, troubled and aghast . . . and *unprepared to act.*

We will not take up space here by considering what possible or probable motives may have actuated the Emperor of the French in *his* interference after Sadowa, but will come at once to the point. If Austrians and Englishmen had felt convinced that *France* itself, as a nation, interfered to save Austria after the battle of Sadowa, moved in doing so by a chivalrous and unselfish desire to mitigate the consequences of disastrous defeat;

in the country. The wealth represented by the debt was actually expended years ago. It was expended for the most part in hard cash (so to speak), sown broadcast over the Continent of Europe. It went from us in subsidies to Prussia, Austria, and Russia, and to pay our own war expenses in Spain

to avert the unmerciful humiliation, and the wrathful destruction, perhaps, of the nationality of one-half of the German race by its nearly allied neighbour. If such had been their conviction: what would have been the effect when France herself subsequently met with a like disaster? It would be too much to say certainly that they, Austria and England, would, jointly or severally, have interfered, but it is at least unjust to conclude that they would not have done so, because, under the actual circumstances and the influence of preceding events, they did not in fact interfere.

In speaking of the foregoing we are reminded of another instance of interference, only a few years earlier in date, with regard to which the same question might be asked: Did *France* interfere? Mexico and Maximilian. Ah! there was another instance of national interference. And yet—Was it so? Was that an interference by *France* herself . . . by the chivalrous men of France? Nay, that we cannot easily believe. If the French nation had itself interfered, would it, at the mere breath of danger, have deserted the man who had trusted himself and his fortunes to its pledged word? Maximilian, the knightly and brave; who knew no deceit; loyal, true, and worthy of Empire. He died indeed; but died a king; keeping that royalty adversity could not take from him, nor death deprive him of.

and elsewhere.\* We, as a nation, then and there invested that wealth in the promotion of an object the nation had greatly at heart; or, in other words, we paid away and utilized it to bring about a result which we deemed sufficiently desirable to justify us in such use of it. And then as to the meaning . . . the meaning of the so-called National Debt of England. . . it is this. It is the record of an eventful and momentous period in the history of the nation. A grand monument to the greatness of the nation. The record of a time when England stood forth alone as the champion of civilization and of the nobler interests of the human race. . . . Of a time when England understood her most precious interests to be the interests of human freedom and of human progress. Of a time when Britannia had national duties to perform as well as material interests to protect, and when her wealth, as well as the lives of her sons, was freely expended in the performance of national duty. For in those days it was her glory to be a leader and an example amongst the foremost nations of the civilized world. She dared even to show to others how a great nation could use as well as acquire wealth. "In

\* A part of the so-called National Debt belongs, however, to periods earlier than the time we are here more particularly referring to: for instance, to the period of "The Seven Years' War," commencing in 1756, in which seven years it was increased from about seventy to one hundred millions. At the conclusion of Peace in 1815, the total amount of the Debt was a little more than nine hundred millions.

war?" Yes . . . In war. Within and without the realm that great war was stubbornly and with unflinching courage fought out. More dangerous and not less harmful was the secret foe within than the declared foe without. The sophistry and the false reasoning which brought the charms of the polished rhetorician and persuasiveness of the practised debater, to confuse and bewilder the national mind. . . Which almost proved right to be wrong and black to be white. Selfishness, meanness, and pusillanimity; which grudged the expense of protecting national honour; which bewailed the loss of that material treasure it so much loved to hoard, and which feared the consequences of action . . . desiring to remain a passive spectator of wrongs inflicted on others. With these the battle had to be fought, as well as with the military genius and the mighty power brought against her in other lands. Inch by inch, and foot by foot, the enemy within and the foe without were forced back and at length conquered. And then: Peace and the National Debt. No: not a Debt but a Record. Not a National Debt but a National Monument . . . reminding the nation of what it has achieved in times past, and speaking to the nation of the great *rôle* it may yet play in the future history of the world, if it, being not afraid, be mindful of its higher duties and higher interests.

In conclusion, let us express the hope that the arrangement we have suggested for adjusting the

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relative position of the working-class, will be considered as it is proposed by us, not as belonging to any political partizanship or social theory, but as a question of vast national importance and one greatly affecting the interests of civilization. Of those with whom the decision will in the first place rest, many belong more or less professedly to the Church of Christ. It may be, and we trust it is, unnecessary, but it can do no harm, to remind them of that *law of love* which comprises "all the law and the prophets," and of that comprehensive rule which requires us, as Christians, "to do unto others as we would they should do unto us."

Respectfully,

KUKLOS.

## A P P E N D I X.

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### WORKING MEN IN THE UNITED STATES.

*(The Times Weekly Edition, September 7th, 1877.)*

SOME information has lately been published respecting the progress of the labour movement in the United States, of the political and social changes at which the new Party is aiming, and of the various causes which combine to make it formidable. The Party itself is the latest birth of time. Hardly are the Railway Strikes at an end before we receive news of this fresh attempt on the part of their promoters to do something for the interests of the American working man. The Strikes, as our Correspondent observes, showed how great strength the working men could command. In spite of the lawless manner in which they were conducted, there were very many persons to be found in high and low stations who were tender to them either from sympathy or from fear. A new force, it was clear, had come into the field, and in a country like America it was certain that leaders would be soon ready to turn it to political account. Disappointed office-seekers who have no hopes from either of the two recognized Parties have assumed the promising task. Politicians who have more to lose are less forward, but they are keeping themselves in readiness to float if necessary with the new current, when they are better assured about the chances of its strength and permanence. The movement has already extended widely among the Northern and Western States. The first great pitched battle is to be fought in Ohio, some two months hence, at the election of the State officers. That the working men will succeed on this occasion in carrying their nominees is not, perhaps, very probable. They are less well organized and can command less money than either of the Parties opposed to them. Their future fortunes are even more doubtful. The movement may, after all, fail and come to nothing, in Ohio or anywhere else. Or it may be the first wave of a mighty tide destined by-and-by to sweep both Republicans and Democrats before it, and to control the political destinies of the country. Observers differ in their estimate of it, but the shrewdest judges are inclined to take the more unfavourable view of it.

The Working Man's Party is anyhow a great advance upon the Party of mere disorder to which it has succeeded. We are glad to hear that, instead of riots and wholesale destruction of property, there is to be an attempt made to move within lawful limits, and that

the Germans and Bohemians and malcontents of every class who were lately stopping traffic and burning rolling stock on the Pennsylvania Railroads will now content themselves with appearing at the polling-booths and voting peaceably whatever tickets their new leaders may supply them with. This certainly is a change very much for the better, and we may say the same for the party objects aimed at as well as for the methods employed for reaching them. There could have been no gain to any one from the Strikes, and the more completely they succeeded the greater the injury they were certain to inflict upon their authors. This wild restlessness of unreason is well exchanged for the definite programme our Correspondent furnishes this morning. There is plenty even now to take exception at, plenty which bears pretty strongly the stamp of its suspicious parentage. If the Working Man's Party has its own way, the State in America will assume functions with which no other State in the world has ventured to burden itself, and will discharge them in a way not likely to be conducive to the general good. There are some parts of the "platform," indeed, which propose, from whatever motive, changes which would be a distinct improvement. Others are more doubtful, but do not go beyond the sphere within which the Government may be asked to meddle. We may place in the former class the demand for a resumption of specie payments and for sanitary inspection of workshops. Below these, and of more equivocal merit, come the proposal to elect all State and all National officers by the direct vote of the people, the scheme for placing all railroads and telegraphs under immediate State control, the claim for universal gratuitous instruction. But after these the descent is rapid. The interference of the Government in the supposed interests of labour is soon carried beyond the point at which it can be usefully exercised, until we come at length, after various steps downwards, to a comprehensive plan for placing all industries under the management of the Government, and working them as far as possible on a strictly co-operative system. These are, of course, wild dreams which can never be realised in America or anywhere else. But we must be prepared to find that it is to these that the new Party attaches most importance, and that in the degree of its success in grasping at power it will make a hearty attempt to carry them out. What is most certain about the whole movement is that it offers a welcome opportunity to political adventurers, who discover in it a good chance of getting something for themselves. The United States are always very fruitful in men of this kind. They have had a good harvest for some years past in the Southern States by taking the direction of the Negro vote. They have the prospect now of the same sort of success in the North, and they will not be slow to take advantage of it. Even if they do not contrive to raise their Party to

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power, they may yet do something to improve their own market value, and may make themselves better worth buying at the price they would be glad to obtain. When there are already two Parties somewhat equally divided, a third Party holds the balance in its own hands, and can exact its own terms for the victory it can bestow on either of them. The gain to the rank and file may be somewhat doubtful. The wire-pullers will be better placed, and will conduct the negotiations as they please.

In spite of the very hearty approval we can give to some parts of the Working Men's programme, we cannot go so far as to wish success to their movement. It is possible to pay too high a price even for Free Trade, and a demand at the same time for Free Trade and *quasi*-Communism in respect of property is much too suspicious for us to look upon it with any favour. The agitations from among which the new Party has sprung up have, after all, been caused by what we may fairly hope to be a very transitory state of things in America. Trade depression has told most severely upon those who had least resources of their own. As wages have fallen all over the Northern States, so, too, has popular discontent increased. A telegram we publish from Philadelphia gives the welcome news that there are now indications that trade is reviving in all parts of the country. Except, indeed, in the iron trade, there is a report everywhere of an increasing demand for goods, and of correspondingly higher rates for carriage. Mill hands and railway hands will soon feel the benefit of this in the form of advanced wages. When these return, the whole spring of the late disturbances will be broken, and the Working Men's Party will, we may be sure, be glad to be thus deprived of its unpleasant reason for existence. If the Party in power is wise enough to grant what is reasonable in the demands of its young rival, the whole trouble may be at an end, to the general gain of everybody. Not least among the signs of improvement in America is the rise in the price of grain for the English and generally for the European market. Americans are welcome to the benefit which we cannot refuse to grant them. It will be a pity, however, if their eagerness to avail themselves of it carries them too far, and prevents us from aiding them as we would wish. The danger of this has been pointed out in the *Philadelphia Public Ledger*. The merchants of San Francisco are, it appears, not content with good prices for their corn. They are standing out for excessive prices, beyond what their customers will give, and they are losing their market accordingly. A revival of trade is pretty certain to be attended by mistakes of this kind. We need not deplore them over-much. The chances are that we shall be the gainers from them in the end, and shall obtain our corn by-and-bye at lower rates than we should be now willing to give for it.

CHINAMEN IN AUSTRALIA.

THE letters which we publish to-day from our Correspondents in Australia tell us of several questions, common to the Australian Colonies, which just now are the subjects of very warm controversy. The atmosphere seems, indeed, to be disturbed in every sense. There have been earthquakes in the world of nature as well as in the world of politics. In Victoria, as our readers are aware, the extreme Radical Party has lately had a complete victory. The threatened consequences of this—a Property Tax on the value of all single holdings of land beyond a certain amount and a more strictly Protective Tariff—have not yet come to pass, but the existing Government is too deeply pledged to them for us to hope that these projects will be allowed to sleep for long. The political Party which is thus triumphant in Victoria, is making vigorous efforts to secure a triumph in New South Wales. The programme, in several important points, is the same in both Colonies. The Free Trade policy of New South Wales is distasteful to the working man. He is asking, accordingly, that this shall be reversed and protection accorded to native industry; and he desires, further, that a check shall be placed on immigration of every kind. But the Chinese invasion is the most burning question everywhere. Queensland is the Colony most directly interested in it, and Queensland has been making every effort to induce the rest of the Colonies to support her in her conflict with the Home Government about the proposed tax on immigrant Chinamen. There has been a stir, too, in our Colonies on the subject of the national defences. In New South Wales the fixed defences are pretty well agreed upon. The chief discussion has been on the sort of naval force which the Colony ought to maintain. Is there to be one powerful ironclad, subject to the many accidents of peace as well as war, to shipwreck, to torpedoes, and the rest; or is it better to divide the strength, and not to put all the eggs into one possible frail basket? New South Wales ought to be gratified by the reflection that the same question has been under debate in the Old Country; that the dangers apprehended at the Antipodes have been felt not less among ourselves, and that the same remedy has been proposed for them. On another point, too, Australia and England have, we can scarcely, perhaps, say, something to learn from each other's experience, but, at all events, a common grievance and ground for mutual condolence. The House of Assembly at Victoria has been troubled by a number of foolish Members who persist in speaking at great length on every subject before the House, and whom even so adroit a Speaker as Sir Charles G. Duffy has not yet succeeded in reducing to order. Victoria, we will make bold to

affirm, will not copy our famous two rules; but we shall be curious to learn what course the Colony determines to follow, and the Colony will, no doubt, feel the same curiosity about the proceedings of our own Parliament. In spite of all these clouds and troubles, there is one subject still on which the report from the Colonies is wholly satisfactory. The Revenue returns, both in Victoria and in New South Wales, continue to show a good credit balance; though we are sorry to observe that in Victoria there is some grave doubt as to the use which will be made of the surplus.

The account given on Monday by a correspondent recently returned from Australia of the influx of Chinese into Queensland certainly does something to explain the feeling of irritation with which the yellow immigrants are regarded. It is admitted, indeed, that in several ways their presence in the country is most convenient. They perform work which no one else will perform at all, or, at all events, not so well as they do. In sheep-shearing, in tending stock, in growing vegetables, and in other important services they are found extremely valuable. They are disliked, however, and by others as well as those whom they threaten to supplant in these various fields of employment. They work, it seems, not only for other people, but also on their own account, and in such a way, it is charged, as to do good to nobody else. They have invaded not only Queensland generally, but more especially the Queensland gold-fields. Some of the richest of these they have pretty nearly made their own. They come in shoals, bring their own provisions with them, make their way direct to the diggings, collect the treasures of the place, and carry them back with them to China. The amount of wealth they are individually contented with is, it is true, not large. A hundred pounds is about the limit of their desire, but, as they are said to be arriving at the rate of about 3,000 per month, the sum of their acquisitions soon mounts up to a very formidable total. The Queensland Legislature has passed two Bills intended to abate the mischief. One has reference to this gold-field grievance; the other is meant to meet the alleged general inconvenience of a deluge of strangers, without any means of subsistence, overspreading the country and inflicting the burden of their support on the well-to-do Anglo-Saxon population. By the one a sum is imposed of £10 per head, by way, as it were, of caution money, on every Chinese immigrant on his entrance into Queensland territory; by the other the price for the Chinese of a licence to dig gold is raised from ten shillings a year to three pounds. The Secretary for the Colonies, our readers are informed in a letter we publish this morning, has given his approval to the former Bill, but has declined to advise Her Majesty to assent to the latter. We trust this partial compliance with the wishes of the Colony will allay the storm of discontent which had arisen as our New



much of the lamentation and complaint is solely and simply testimony to the vitality of Anglo-Saxon sentiment among our Australian businessmen. We look with interest, but without any despair, at the conflict still pending between Free Trade and Protection. Even Victoria will in time learn her true interests. New South Wales has learnt the lesson already. It is said, indeed, that she has fared better hitherto than her neighbour only because the working classes have not yet succeeded in getting their own way. Even if so, we believe that the interval will be long enough to allow Free Trade to establish itself. In such matters there is always difficulty in the way of a change in either direction. Just as a Protective system creates great vested interests which will band together to retain the market to themselves, so too does Free Trade accustom people to low prices. A tariff which at once raises prices is more likely to be unpopular than one which simply keeps prices high, and the effects of which are, therefore, somewhat less obvious to the untrained intelligence of the multitude. A good deal, therefore, depends on which side it is which has the advantage of the first innings. We thus feel ourselves pretty safe in England, in spite of the prejudices which we all know to be common among our working men. In New South Wales, Free Trade has, we admit, struck root less deeply. But the longer it lasts the better will be its chance of fixing itself. If it can hold on a little longer, it may continue to flourish in spite of unsound commercial theories. In quarters where political economy is a sealed book or a tissue of suspected jargon, men may yet have a very keen practical sense of the greater or less purchasing power of their own sixpences and shillings.

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#### WORKMEN, WAGES, AND STRIKES.

THE Strike at Bolton is only one of many indications how severely the prolonged stagnation of trade has tried some of our industries. On the whole, the working people are to be congratulated on the temper and resolution with which they have met the trials of recent years. In the times of declining trade they have shown a much more reasonable disposition than in the period of general prosperity. The continual advance in wages up to 1873 had almost upset their power of comparing figures, and many of the trade organizations seemed to have no clear idea how to estimate the possibilities of further advances. Their attitude was too often one of suspicion towards employers and of imperious self-assertion, quite regardless of the means the capitalist might have for meeting their demands. In the iron trade especially this short-sighted policy inflicted grave mischief on the country, and

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ultimately entailed great suffering on the workpeople themselves. But with the consciousness of a turning tide came calmness and reflection, and, as in the cotton famine during the American Civil War, so during the general decline of wages in nearly all branches of industry for the last three years, the workmen have borne the trial with thorough good sense. In the cotton industry the operatives have up to this time been less severely tried than in other branches of manufacture. The enterprise and energy of the capitalists have kept this trade still flourishing at a time when nearly every other branch of manufacture in the country was declining. It would be a great mistake to assume that the cotton trade has been maintained during recent years at anything like former profits. On the contrary, the volume of trade has been kept up at considerable sacrifices to the manufacturers. They concluded that the best prospect was to push the trade vigorously, to continue to present their goods in the old markets, and to seek in every direction new ones, waiting patiently until a renewed demand generally should give them the reward of their constancy. In this way the stress has hitherto fallen on the capitalist, not on the workman. So long as the rate of production can be maintained, the price at which the goods are sold is a secondary consideration to the workman, and so far the men in the cotton trade have been sheltered from the pressure of the time by the indomitable energy with which the manufacturers have endeavoured to hold their ground. But there is every reason to fear that a large portion of the cotton trade for some time past has been carried on with an infinitesimally small margin of profit. Such a state of things cannot continue indefinitely. If a market cannot be found for the goods produced at the present cost of production, the cost of production must be reduced, or the quantity of goods produced must be limited. In either case the workman must suffer, and it is a satisfactory sign of the better knowledge now prevailing among the work-people that this fact is generally recognized. The dispute between them and the masters at Bolton is not as to the amount they should receive in weekly earnings so much as in regard to the manner in which the amount shall be calculated; but the different ways of arriving at the proposed reduction of wages are of great moment to the capitalist.

It is admitted that wages must be reduced; that the capitalists cannot be expected to go on spending money without obtaining any return. Accordingly, the masters propose a reduction of 5 per cent. in wages. The men contend that the origin of the trouble is over-production; that the true remedy for over-production is reducing the rate of production; and this end they would attain, not by waiting for a certain quantity of capital to find its way out of the trade as a consequence of the present reduced prices, but by working the mills at

half-time. The immediate sacrifice of wages to them is greater, but they would have the more time at their disposal; and this advantage they prefer to secure until the reduced supply of cotton goods shall have improved the price. The whole of this reasoning, though plausible and likely to attract at first sight, proceeds on a false assumption as to the function and nature of capital. If the difficulties of the cotton trade are due to over-production, that simply means that too much capital has been attracted to the trade, and it can only be remedied by reducing the capital employed to its natural amount. But this a continuance of small profits is inevitably doing. To reduce artificially the quantity of goods which the capital actually engaged in the trade can assist to produce is only to add arbitrarily to the difficulties which capital in the cotton trade is now contending against. The capital of the manufacturer is expended not merely in the wages which would be reduced by the half-time system, but in salaries to people who are not paid by time and in rent. There is, too, the necessary allowance for the effect of time on his machinery and buildings. The interest on his money invested in plant and in stocks of raw material must be provided for. He asks now for a reduction of expenses in regard to wages paid to workmen, that in this way he may have a chance of making his accounts balance on the whole number of heads of expenditure. The workmen propose to reduce still more the sum paid for wages, and to reduce in proportion the quantity of goods turned out; but this would not affect in any appreciable way the other items of current expenditure. The salaries of clerks, the rent of premises, the cost of plant, cannot be dealt with on the principle of half-time, and it is on the quantity of goods produced for a given amount of capital employed under these heads that the capitalist must, in the first place, depend for obtaining some reward of his enterprise. Thus he is asked to forego his main chance of success, the rapid production of goods from a given capital, without any security that, after all, this sacrifice will give him what he and the workmen alike want—a better price for his goods. The workpeople forget that the Lancashire millowner is not in the position of the Dutch planter, whose expedient is familiar in manuals of political economy as an example of mischievous selfishness. The deliberate destruction by the planter of half his crop is exactly analogous to what the manufacturer is asked to do. He is to let his capital lie idle half the time in order that the amount produced may be less. But in the planter's case this plan might succeed, because he had a monopoly of the precious article, and was quite indifferent to the trade of the world. The cotton manufacturer, however, is competing with great manufacturing industries in the United States, in India, in France, and in Germany. Reducing the quantity of goods produced in Lancashire gives no guarantee that

we shall find a less quantity of cotton goods on sale in the markets of China or the Mediterranean. The only difference will be that the Lancashire capitalist who has so much capital invested will be liable to much larger expenses in proportion to the quantity of goods he offers for sale from the fact that half the working time of his plant is lost to him; and he will consequently be, in respect to profits, at a still greater disadvantage than he is at present in comparison with his foreign rival.

These are considerations which we hope the workmen will yet be able to grasp for themselves. They will, at least, see that their expedient is no relief to the pressure of which the capitalist complains. We can quite sympathize with the desire of the men to secure a permanent rate of wages. Permanency in the rate of pay, when it can be secured, promotes order and economy; but the men now seek to attain this by putting their time at a certain fixed value, and they would rather submit to heavier immediate privation than forego the rate of wages per hour they now enjoy. The proposal they made on Saturday to the masters to fix the rate for the next two years indicates clearly enough this purpose of making sure that their time shall produce a certain fixed income; but the project is contrary to the very principle of wages from which they have themselves derived most advantage in past years. If wages could have been fixed irrespective of the state of trade, the workmen would never have gone on obtaining higher and higher wages during the whole of the last decade up to 1873, and an attempt to set up an artificial standard of wages is particularly unwise at a time when we may hope an advance in trade is not distant. The real way for the workman to secure the good results of a regular income to meet his wants is carefully to adjust his outlay to a normal level, when he would be enabled to put aside extra wages for less prosperous times. To propose that his labour should be always remunerated at so much an hour, irrespective of the state of trade is to shut himself out from one of his greatest advantages—his right to share ultimately in the profits which reward production. The state of India and of the East is not favourable to the prospects of the cotton trade just now, but the condition of the country generally indicates ripeness for another trade era. The Strikes at the Silkestone Collieries, in the shipbuilding yards of the Clyde, and similar unfavourable indications like this very conflict at Bolton, are rather the far-reaching eddies of the troubles which we have been suffering from so long. They are not new and independent sources of mischief. On the contrary, there is fair reason to hope that a settlement of the political questions which now weigh upon Europe might find the country entering vigorously on a new and prosperous career. But until this change occurs all classes must be prepared to submit to pri-

vations of one kind or another, and we yet hope that the operatives of Lancashire, who have so often borne hard times with firmness, will, on a little reflection, deal with this question in a spirit of reason and good sense.

#### THE AMERICAN RAILWAY STRIKE.

(*The Times Weekly Edition, August 3rd, 1877.*)

THE great American Railway Strike seems now nearly at an end. Our news for some days past has been not favourable to the insurgents. One line after another has been thrown open, and regular traffic has been resumed. The armed mob has been dispersed at several places, or is maintaining an ineffectual struggle against the troops which have been sent to deal with it. Order, it is true, has not yet been fully restored, but the blockade, at every point but one, has been already broken, and it is not likely that the resistance will anywhere be prolonged. The only serious intelligence is from Luzerne County, and there, it would seem, the rioters have been making a final effort, which has proved too strong for the merely local powers of resistance. But we hear, on the other hand, that the United States Regular troops are on their way to the scene, and there can be no doubt of the results that will follow speedily on their arrival. The chief work which now remains to be done in most of the lately disturbed districts is that of meting out punishment to the captured rioters. The numbers of these are, it appears, too large for the penalty to be proportioned to the offence, and sentences of fine and moderate imprisonment must be made the general limit within which the American sense of justice must content itself. We will hope, in the future interests of order, that it may be found possible to make some distinction between the ringleaders and the rank and file, and that a series of murderous outrages and high-handed destruction of property may not be permitted to pass virtually unpunished.

Each fresh batch of news we have been receiving has brought out more and more clearly the real character of the late disturbances. There has been a labour dispute, and a good deal more besides. The riots which have broken out at various points of the country have in many cases had little enough to do with the question of the wages of railway servants. There had been a great outburst of violence, for which the discontent of certain railway hands has been the occasion, but has in no sense been the cause. The forces which have been at work on the surface have been thrown up from a lower stratum than that which is concerned with the ordinary contests of labour and capital. Not five per cent. of the rioters on the Pennsylvania line

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have, it is declared, ever been in railway employment at all. It is by recruits of quite another order that the mischievous band has been swelled to its really formidable numbers. The low population of the large American towns, the foreign immigrants who have been pouring into the country from the States of the Old World, the trained masses of disbanded soldiers and camp followers who were cast about up and down the United States at the termination of the great Civil War, and who have not since settled down to industrial employment of any kind—all these have been ready at the first clear signal, and have struck instinctively into the quarrel. There is no country in which such forces as these do not exist, though it is not often that they venture openly to show themselves. Civil government is based everywhere upon their repression, and civil government is at an end wherever it is possible for them to rise to more than temporary power. The peculiarity of American society is that the elements of disturbance are present to an unusually large extent, and that the guardians of order are less prepared than they are elsewhere to answer an immediate summons. But the issue, even so, is not less certain in America than in the Old World. A short rallying time is all that is needed, and it soon becomes apparent on which side the reality of material force is to be found. A mob of a few thousands, however terrible it may be while its day lasts, is a very insignificant body by comparison with the many millions who will rise, if necessary, to put it down. Whether it would not be prudent to strengthen the army and to rely less upon the reserve of power in the nation itself, is, however, a question which will certainly present itself. That the riots will be put down is not doubtful. That they should have been suffered to make head so long, and to proceed without immediate check to such extremities of violence, has depended on a miscalculation which will scarcely bear repeating. The peaceful citizens of the United States have a claim upon their Government for something more than protection in the long run. A Railway Strike may occur at any time. But that a Strike should grow so speedily into a riot, and that the rioters should have the upper hand for so many days, is proof sufficient that the civil power is weaker than it ought to be, and the means at its immediate command must be strengthened if it is to perform its elementary duties with anything like effectual speed.

But aggravated as the Strike has been, and changed in character by the added forces which have taken advantage of it, we may bear in mind that even in its original and simple form it was from first to last indefensible. If the Poles and Bohemians who were foremost in the riots at Chicago had their own singular notions of property, the genuine American railway servants not less certainly had theirs. It seems to have been a sort of axiom with them that the wages of

labour have a convenient fixed level, below which they ought not to be suffered to descend. If the Railway Companies could not afford to pay what their hands were wishing for, they must find the means as they best could. The burden must be shifted and the money must somehow be forthcoming. That the problem thus presented had been thought out clearly and distinctly is not likely. Whether fares were to be raised or profits to be diminished, or in what precise way the fund of capital was to be tapped, were probably questions which the discontented railway hands of Pennsylvania did not much concern themselves to ask or to answer. Their simple demand was for better pay than their employers were prepared to give or than the state of the labour market warranted. That other hands were ready to accept the terms offered them was a troublesome fact which they must deal with as they best could, but it was no proof to them that their demand was in itself unreasonable. We are familiar enough in this country with the same kind of thought. It is more quietly pressed, indeed; but it bears an equal stamp of wrongheadedness on either side of the Atlantic. The want of connection between the means employed and the end aimed at is everywhere alike remarkable. That the stoppage of traffic and wholesale destruction of railway property should put the Railway Companies into a better position for paying high wages is, to say the least of it, a somewhat crude notion. But this, after all, is only a very direct way of attaining the same result which our own discontented operatives aim at by a more roundabout process. The deserted ship yards on the Thames tell just the same tale of folly as the blockaded railways of Pennsylvania.

AND.

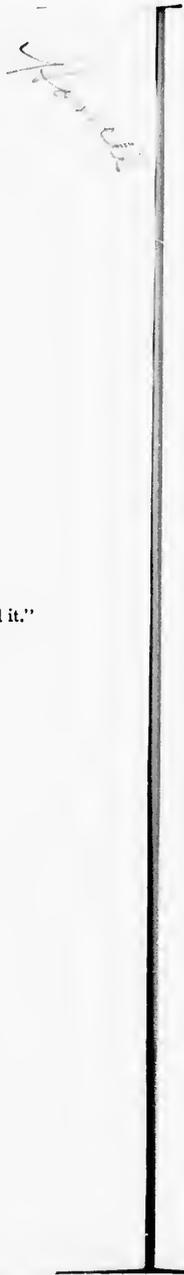
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“Cast thy bread upon the waters: for after many days thou shalt find it.”  
*The Preacher.*

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