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TOWARDS INDUSTRIAL FREEDOM

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Towards Industrial Freedom

BY
EDWARD CARPENTER



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APPENDIX

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THE UNEMPLOYED RICH AND THE UN-EMPLOYED POOR

(See ch. ii, p. 9.)

A MOMENT'S thought shows that as machinery perfects and perfects itself there is a tendency for fewer workers to produce more goods or wealth. The balance of increased wealth goes to the profit-receiving classes; and so there is a double result, namely, the increase of the wealthy unemployed, and the increase of the unemployed workers. The increase of these two classes may not go on simultaneously, and there may and must be fluctuations on both sides; but the general tendency is clear. It might, of course, be counteracted by shorter hours of labor and increased wage, which by bringing a greater number of workers in under better conditions would immensely improve their lot, and at the same time by reducing profits would clean up and improve the lives of the wealthy; but as the entire tendency of the present system is the other way (in order to keep *up* profits), this double shrinkage of employment must go on—as long, in fact, as the system goes on, and until the whole attitude of the nation towards these questions changes.

THE MINIMUM WAGE

*A Paper read at the Conference on Sweated Industries,
at Glasgow, October 12, 1907.*

(See ch. ii, p. 14.)

THE subject of the Minimum Wage has been very widely considered in various aspects and from various points of view ; and I do not propose now to go into the general question. There is evidently a growing public opinion in favor of the constitution of Wages Boards and the establishment of some kind of legal minimum ; and doubtless something will be done in that direction. There will be difficulties, of course, in drafting regulations, and there will be drawbacks to their operation, but these are things we must expect in any such case. I am now only desirous to establish a point which has, I think, not been sufficiently insisted on ; and which will, I hope, remove one class of prejudice against, or objection to, the proposal.

It is generally tacitly assumed that a legal Minimum, by raising wages in low classes of labor, will handicap the employer, make the realising of a profit more difficult, and generally place a strain upon him, which latter, of course, he may overcome, but which will nevertheless remain a strain. I want to point out that in many respects this is the reverse of what will happen. And I believe that quite a few employers

are favorable to a legal enactment—though no doubt the majority still are opposed to it.

The case in reality is very simple. Every one knows that the employer to-day has a most anxious time. The dread of competition, the continual fluctuations of prices, the fear of being undersold in the market, haunt him. He has no certain foundation for his business. He is like a man standing or working on boggy ground, with no firm footing anywhere. At any moment a competitor may undersell him; and one of the commonest causes of such underselling is the employment of cheap labor. Here are three manufacturers, say, in some particular branch of industry, all fairly equal with one another, and all going along fairly well. Then, all at once, a fourth comes in, with sweated labor, undersells the others, and breaks up the trade. Painful fluctuations and disturbances set in, prices come down, ruinous alike to employers and employed; and ultimately perhaps the former, even against their own wish, are forced to adopt the wage-cutting devices of their new competitor.

Now we must contend that to rule out or prevent this operation by fixing a minimum below which the wage shall *not* go, is a benefit, not only to the employed, but to the employers themselves. It gives them at last some firm ground beneath their feet. It takes away one large cause of doubt and risk and uncertainty; and simplifies greatly for them the problem which they are handling.

Imagine ten or twelve men—a sight you may often see in large ironworks—standing round in a circle and holding a heavy iron plate, which they have to handle and perhaps pass on to some machine; and imagine the ground on which those men stand to be partly big boulders and partly mud. You will appreciate

at once the dangers and difficulty of their work. At one moment the plate will be tilted in this direction, throwing an unbearable weight on one man; at another moment it will be tilted in that. No man will have certain footing or be able to use his strength properly. Now suppose them all to step up 6 inches onto a solid and level stone pavement. It may be a slight exertion to get there, but once there, the whole conditions will be different. The work will be carried on with a certainty, an ease, and an economy of labor, out of all comparison with what existed before. Somewhat corresponding will be the advantages to employers when by the fixation of a minimum wage the financial ground beneath their feet shall have been made comparatively solid, and the conditions so far equal for all.

Trade Unions, of course, have already done something of the kind in the higher grades of industry; and I believe that many employers are quite ready to admit that their action has been helpful. The Unions have, in fact, secured their trades to some degree against ruinous fluctuations. It is only necessary to imagine for a moment the effect of the total disappearance of the Unions—say in the Lancashire Cotton trade—to realise that such a disappearance would mean widespread confusion—the pushing in of new competitors with cheap or sweated labor, the bankruptcy of old employers, and endless disturbance and chaos in a great industry.

The truth is that, within limits, it does not matter to an Employer if wages *are* high, provided all other employers have to pay equally high. It may matter to the *Public*, of course (who may have to pay a higher price for the article), but not to the Employer. We come, therefore, now to the question of the interest of the *Public*.

That the absence of a Minimum Wage (whether that minimum be obtained by Trade Unions or by Wages Boards) may mean a cheapening of price to the public, must of course be admitted. But, at this time of day, I think no one will say that that *in itself* constitutes a sufficient reason. We all feel that any such gain to the Public might be very ill secured by the degradation and misery of a large body of workers. And in the case of the so-called Sweated Industries—with which we are specially dealing—there are reasons for supposing that the enhancement in price (due to the minimum regulation) would be almost imperceptible. In these industries wages often bear such a very small ratio to cost of materials, profits, salaries of superintendence, etc., that a rise of wages need make but little difference in the price of the article.

Take the case of shirts that are "made"¹ at from 8d. to 1s. a dozen—say, one shirt made for 1d. That shirt is sold for 2s. Doubtless in some cases for more. Suppose the woman's wage *doubled*, so that she will get 2d. instead of 1d. Her week's wage will in consequence rise from, say, 7s. to 14s.—which latter, though a poor enough wage, will be positive affluence to her. The price of the shirt, other things remaining the same, will rise 1d. The shirt, therefore, would cost 2s. 1d. instead of 2s. Can we suppose that it would be hard on the public to ask them to pay 2s. 1d. for the shirt, in order that a whole class of miserable workers should be redeemed to better conditions?—or can we suppose that the demand for shirts would be diminished by this extra charge? The more probable result of it all, of course, would be that the 2s.

¹ The term "making" does not include cutting out, sewing on buttons, and making buttonholes, but it includes practically everything else.

price would remain as before, and that the employer would accept a slightly reduced profit.

Nor must we forget a thing which is constantly being overlooked when these questions of better wages are being discussed, namely, that markets, instead of being ruined by better wages, are greatly stimulated thereby—for to-day Political Economy is beginning to see, much more clearly than of old, that markets and trade rest on the well-being of the mass of the peoples—that is, on the mass-wages. Whatever, therefore, cripples wages and the welfare of the masses necessarily cripples trade and the markets. Into such a general question of Political Economy, however—interesting as it might be to discuss—we must not go now.

I would say a word on the difficult subject of Foreign Trade—because it almost necessarily links up with the question we have in hand.

My argument has run upon the assumption that a Minimum Wage, though it might raise the cost of production of an article to some degree, need in no wise handicap an employer, because it would apply to all employers alike. And this argument I consider perfectly just, as long as it is applied, say, within the limits of the United Kingdom. But we have to consider besides (what is undoubtedly a fact) that trade runs nowadays on such small margins that a slight enhancement of the cost of production may—I do not say necessarily will, but *may*—drive an industry abroad.

There are two points I should like to bring forward in this connexion: (1) That the difficulty will have to be met, and is being met, by the extension of the principle of the Minimum Wage to other countries; (2) that in general, the bogey of Foreign Competition—though not without a certain basis of reality—has

been made far too much of, and has become a cause of alarm far greater than there is any reason for.

With regard to (1), we know that Australia and New Zealand have for some time had Wages Boards and Arbitration Courts in operation (Sir C. Dilke's Bill was founded on the Victorian Wages Boards), while America has had a system of licensing home-work-rooms. Germany, our chief rival in the sweated trades, is strong against Sweating, and an Imperial Commission is considering now the question of steps to be taken. So that these facts should rather encourage us in the direction we are going, and towards the establishment of an International Agreement on the subject.

With regard to (2), namely, Foreign Trade, there is no doubt a great deal of nonsense talked on the subject. I fear folk nowadays do not read their John Stuart Mill as they ought to! Of course, it would be absurd to deny that sometimes a rise in the cost of production at home may cause a foreign demand to cease; but this is by no means always the case, and (paradoxical as it may sound) it may often happen that a foreign country may demand from us an article which it is actually producing all the time at less cost than we are at home.

Trade, in fact, does not follow absolute cheapness, but relative cheapness. It may happen that a thing (a razor, say) is produced cheaper in Germany than here, and yet the Germans may continue buying it from us because *relatively* to some article the Germans export to us that razor is cheaper here than in Germany. Germany sends butter to Britain because, relatively to certain other things, it is of more value here than in Germany. A keg of butter, say, will buy twenty razors here, but only fifteen of the same class in Germany. It will pay a German merchant, therefore,

to send butter to England, and take our razors in exchange—and a steady interchange of butter and razors will go on—even though the cost of razors in both countries is the same; say rs. each. That is, we shall export razors to Germany, even though they are produced equally cheaply there as here. Now, suppose the cost of razors in Britain to rise a little, so as to be actually greater than in Germany—say, only nineteen can be obtained for a keg of butter instead of twenty. Still the exchange will go on, because there will still be a gain of four razors on each keg. (I am, of course, not mentioning costs of transit, etc., because those things, though they will alter the figures, will not alter the general principle.) In this case, then, we shall actually be exporting a certain class of razors to Germany, although their cost of production here is *greater* than in Germany!

I dwell on this case merely in order to show how paradoxical is the subject of Foreign Trade, and what a mistake it is to be led away by cheap arguments which are really of a very superficial and delusive character.

You will find a careful exposition of the above subject in J. S. Mill's *Principles of Political Economy*, Book III, ch. xvii, § 2, from which I may as well give some extracts. Quoting his father, Mr. James Mill, he says: "If the cloth produced with 100 days' labor in Poland was produced with 150 days' labor in England, while the corn produced in Poland with 100 days' labor could not be produced in England with less than 200 days' labor;—then an adequate motive to exchange would immediately arise. With a quantity of cloth which England produced with 150 days' labor, she would be able to purchase as much corn in Poland as was there produced with 100 days' labor; but the quantity which was there produced with

100 days' labor would be as great as the quantity produced in England with 200 days' labor."

Then he continues: "By importing corn, therefore, from Poland, and paying for it with cloth, England would obtain for 150 days' labor what would otherwise cost 200, being a saving of 50 days' labor on each repetition of the transaction, and not merely a saving to England, but a saving absolutely; for it is not obtained at the expense of Poland, who, with corn that costs her 100 days' labor, has purchased cloth which, if produced at home, would have cost her the same. Poland, therefore, on this supposition, loses nothing; but also she derives no advantage from the trade, the imported cloth costing her as much as if it were made at home. To enable Poland to gain anything by the interchange, something must be abated from the gain of England—the corn produced in Poland by 100 days' labor must be able to purchase from England more cloth than Poland could produce by that amount of labor; more, therefore, than England could produce by 150 days' labor, England thus obtaining the corn which would have cost her 200 days' at a cost exceeding 150, though short of 200. England, therefore, no longer gains the whole of the labor which is saved to the two jointly by trading with one another."

I would say in conclusion that though I am in favour of the institution of Wages Boards, etc., I think all this legislation which is being proposed with regard to Sweating, etc., is a very detestable thing. The evils of legislation generally are very obvious: Interference, Inspection, Expense, Officialism; and it is only because they are a cure for worse evils that we must endure them for a time. We have got our social system and social habits into such an inhuman state that I suppose we shall have to go through a painful period

of social drill and discipline and interference with individual liberty before better and more human ways of treating each other will become natural to us.

When Lafcadio Hearn—that greatest of writers on the subject of Japan—first visited that country he was struck, as most travelers are, by the extraordinary atmosphere of consideration, kindness, and civility to each other which existed there, by the general devotion to the common good, by the absence of poverty, and so forth. In his latest book (*Japan: An Interpretation*) he traces this state of affairs, which now appears spontaneous and natural, to the fact that in past centuries the people went through a period of considerable discipline in these directions, which, in fact, ingrained these habits into their lives.

Let us hope that the period through which *we* are now passing is one in which the Western nations are waking up to the enforcement of a more human morality in matters of Wealth and Industry than has existed heretofore; and that it will result in a period in which such laws will *not* be necessary—because it will have become natural and instinctive for the employer to do his best for the employed, and because folk will have ceased to care for Wealth which has been obtained through the misery and degradation of others; also perhaps because in *Co-operation* the distinction between employers and employed will have ceased to exist.

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