

ON THE
SELF-DEPENDENCE OF THE WORKING CLASSES

UNDER THE

LAW OF COMPETITION :

A PAPER READ BEFORE THE

DUBLIN STATISTICAL SOCIETY.

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The Self-dependence of the Working Classes under the Law of Competition. By T. E. Cliffe Leslie, LL.B., Barrister at-law.

By the self-dependence of the working classes, I mean the dependence of their economic condition upon two classes of causes within their own control—the first influencing the value of their labor, according to natural laws ; the second economising the wages of labor, so as to promote their prosperity.

The consideration of the first class of causes will lead me to examine some theories which are hostile to the operation of the natural laws of the production and distribution of wealth—in other words, to the spontaneous course of the division of employments ; since it is because I am convinced that these natural laws are the only sure antecedents of economic well-being, that I believe in the self-dependence of the great body of the people. I do not, indeed, contend that, under existing circumstances, their well-being rests exclusively with themselves, although I am persuaded that it would, in the absence of disturbing causes. But, omitting the consideration of these disturbing causes, arising chiefly from the state of the law, I shall endeavour to show how important an influence they exercise over their own condition, in the actual state of social arrangements.

The view which I take is opposed to the opinions of some distinguished writers, among whom I regret to place Mr. John Stuart Mill. In various forms, through his work upon the “*Elements of Political Economy*,” I find theories contradictory to two propositions which appear to me to be clearly demonstrable ; viz. that in the absence of interference with economic laws, the productiveness of labor has no assignable limit ; and that the natural laws of distribution are more favourable to the amount of the laborer’s proportion of the produce, than any artificial regulations which can be devised, either by the legislature or by the laborers themselves.

In a chapter entitled “*The probable future of the laboring classes*,” Mr. Mill says :—“*Notwithstanding the effect which improved intelligence in the working classes, together with just laws, may have in altering the distribution of the produce to their advantage, I cannot think it probable that they will be permanently contented with the condition of laboring for wages as their ultimate state. To work at the bidding and for the profit of ano-*

ther, without any interest in the work—the price of their labor being adjusted by hostile competition, one side demanding as much and the other paying as little as possible—is not, even when wages are high, a satisfactory state to human beings of educated intelligence, who have ceased to think themselves naturally inferior to those whom they serve.” And again, “Labor is unquestionably more productive on the system of large industrial enterprises; the produce, if not greater absolutely, is greater in proportion to the labor employed. The same number of men can be supported equally well with less toil and greater leisure, which will be wholly a benefit as soon as civilisation and improvement have so far advanced, that what is a benefit to the whole shall be a benefit to each individual composing it. The problem is, to obtain the efficiency and economy of production on the large scale, without dividing the producers into two parties with hostile interests—employers and employed—the many who do the work being mere servants under the command of the one who supplies the funds, and having no interest of their own in the enterprise, *except to fulfil their contract and earn their wages.*”

An important and comprehensive exception indeed! It should seem quite as reasonable to affirm that the employer “who supplies the funds” has no interest of his own in the enterprise except to make his profit.

But Mr. Mill, taking this view of the antagonism of the interests of capitalist and laborer, dwells upon the experiment tried by M. Leclaire, in Paris, of allowing his workmen a participation in profits, as a stimulus to exertion and an addition to wages; and he regards this “co-operative principle” as ‘the great economic necessity of modern industry.’ He says:—“The value of this organisation of industry, for healing the widening and embittering feud between the class of laborers and the class of capitalists, must, I think, impress itself by degrees on all who habitually reflect on the condition and tendencies of modern society. I cannot conceive how any such person can persuade himself that the majority of the community will for ever, or even for much longer, consent to hew wood and draw water all their lives, in the service and for the benefit of others; or can doubt that they will be less and less willing to co-operate as subordinate agents in any work, where they have no interest in the result; and that it will be more and more difficult to obtain the best work-people, or the best services of any work-people, except on conditions similar in principle to those of M. Leclaire.”

Now I believe that this theory, that the interests of capitalist and laborer are hostile, is unscientific as well as mischievous; I am convinced that, properly understood, they are perfectly identical—that the laborer’s power of self-dependence is based upon their identity, and that his condition would not be improved by a participation in profits; and I think every friend of the working classes should protest against the doctrine that there is anything servile

and degrading in hired labor, or any analogy between the relation of the modern workman to his employer, and the bondage of "hewing wood and drawing water" imposed upon the Gibeonites by the Jews.

Indeed, the correlative terms, master and servant, are now only applicable to domestic arrangements; and, even in that case, if there be anything hostile in the nominal relationship, "'tis but the name that is the enemy," since the domestic has it in his power to render his services so valuable, as to secure the utmost consideration and indulgence from his master. But Mr. Mill's opinions on this whole subject seem as inconsistent with the facts of modern society, as the ancient feudal doctrine of the relation between landlord and tenant. The difference between the period of slavery and vilenage, from which Mr. Mill's views seem to be cast, and the present, is, that employers and laborers, landlords and tenants, are now parties to a voluntary contract, and derive reciprocal advantage from a free exchange.

The most efficient workman, with the highest character, is secure of employment at the highest wages; and it is, of course, the interest of every individual workman to bring the qualifications of superior efficiency and character into the field of competition. But it is his interest, just because it is also the interest of his employer; those qualifications possess a "value-in-exchange" to the workman, because they afford an immediate "value-in-use" to the employer, and the interests of both parties are consequently identical.

It is precisely the same with the whole class of laborers as with the individuals composing it; their productive powers and moral qualities have a marketable value, by the disposal of which they produce the aggregate fund which they divide; and the more efficient their industry and the higher their economic virtues, the greater will be the fund to be divided.

So, again, it is the interest of a particular laborer, for the sake of security of employment and other obvious considerations, that the speculations of his employer should prove successful, and that his wealth should increase; and it is the analogous interest of the entire class of laborers, that the aggregate capital in the hands of employers should augment, because its augmentation raises the rate of wages while it adds to the amount of profits.

False notions of the nature and effects of competition seem to be at the root of most of the theories adverse to the self-dependence of the working classes, and the present system of hired labor; and from these false notions have shot the numerous schemes for the artificial organisation of industry, which have been proposed in lieu of the organisation effected by the natural laws of Providence. With strange inconsistency, it has been maintained that laborers suffer both from their own competition for employment and from the competition of capitalists for high profits; that the first diminishes the share of each individual laborer, and

that the second leads capitalists to give the smallest possible wages, in order to undersell each other.

A refutation of each of these fallacies will be necessary for my purpose.

"There are," says Mr. John Hill Burton, "two kinds of competition; the one is in giving productive skill, the other in giving time." Now, even the latter kind of competition augments the wages-fund, since the produce of the exertions of 120 men must, *ceteris paribus*, be greater than of 100. But the virtue of the competitive principle is, that it instinctively develops itself in the form of competition in productiveness. This is admitted by Louis Blanc, in one of his most fervid declamations against the principle. "Here then," says he, "we have a vastly numerous class, necessitated to produce more and more every day, and every day to consume less! It is useless to reply that the natural effect of competition is to stimulate consumption by cheapness; this is true within certain limits only, viz. those which separate the salaried from the non-salaried classes—but beyond those limits is quite another thing. We must not forget one effect of a cheap market is to reduce wages; and thus the laborer loses on the one hand what he gains on the other."

It is plain that this argument involves the fallacy of confusing cheap production with cheap labour, low prices with low wages. Competition is a spur to industry and production; it "necessitates" the working classes to "produce more and more every day"—to make their labor highly efficient, and therefore valuable; and thus at once to raise the amount of wages, and lower the cost of production. For example, many commodities can be produced cheaper in England than in France, although the workmen engaged in their production are twice as highly paid.

It may be supposed, however, that the reason why the most skilful laborers in the field of competition are at present in the receipt of high wages, is, that their number is limited, but that an universal increase of productive power would not improve the condition of the entire body; and that capitalists would absorb the benefit, the proportion between the number of employers and of those seeking employment remaining the same. The obvious reply is, that the only proportion of any importance to the laborers is that between their number and capital, and that this would be altered by an increment to the first term of the ratio proportionate to the general increase of production. For example, an increased productiveness of agricultural industry would have the same effect as the bounty of nature in yielding an abundant harvest, and the laboring class would benefit most from it. So if, from a general increase of productive power, the annual returns be rendered more abundant, not only in food but in all other commodities, the greater must be the amount of comforts as well as of necessities to be distributed among the working members of the community.

Then, the effect of the stimulus of competition at home is to baffle it abroad in the production of similar articles; to add to the

power of our own capitalists to accumulate, and to invite the investment of foreign capital; or to induce foreigners to bribe our highly productive workmen to go abroad, and so diminish the number who are to share in the augmented wages-fund at home. The race of industry which Providence has ordained is not a race in which only one can obtain the prize; but one in which he who obtains the highest prize benefits his competitors by the exertions which he makes to obtain it.

But the enemies of competition always, for the purpose of their argument, omit to notice its effect upon the fund to be divided, and dwell only upon the effect of an increase of numbers without an increase of production. It may be useful, therefore, to cite some incontrovertible facts in proof of the principle that an addition to the numbers competing for wages need not diminish the earnings of each competitor.

The English Commissioners of Poor Inquiry observe, with reference to the introduction of the principle of the amended law* :—“When a considerable proportion of the laborers who had been dependant upon the parish were driven to rely upon their own exertions, it might have been anticipated that the wages of the entire body of laborers within the parish would have been injuriously affected by their competition. And this certainly would have been the case, if they had added nothing to the fund out of which their wages come. That fund is periodically consumed and reproduced by the laborers, assisted by the land and the farmers’ capital.” The Commissioners then produce ample evidence, that the alteration in the mode of administering relief raised instead of depressing the parochial rate of wages, while it increased the number of laborers; this being the result of the stimulus given to industry by an increase of competition.

Again, Mr. George Cornwall Lewis, in his able Report upon the “State of the Irish Poor in Great Britain,” in 1836, says of the influx of Irish settlers into the manufacturing districts of England and Scotland :—“Not only might wages not have been higher, but they might have been lower, if those districts had not at their command a large and practically unlimited supply of Irish labor. The laborer is a necessary instrument in the production of the fund of which he is paid. This fund can no more be produced by capital without labor, than by labor without capital. If, therefore, for want of an adequate supply of labor, at a reasonable rate of wages, the capital of the Liverpool, or Manchester, or Glasgow speculator had, instead of being employed in the trade or manufactures of those towns, been lent to foreign courts, or used in distant and uncertain undertakings, which promised a higher rate of profit, the probability is that those great towns would not have reached their present prosperity, and that the demand for labor in them being less, its remuneration would have been less.” In proof of this conclusion, Mr. Lewis points to the rapid increase of the ports

* First Report, 1834.

and large towns in Great Britain where the Irish find employment.

From the same Report, another fact on the side of the competitive principle may be adduced. It might readily be imagined that the annual migration of Irish harvest laborers would depress wages in the agricultural districts in England and Scotland; but Mr. Lewis substantiates by unquestionable evidence the contrary conclusion, that without the assistance of Irish labor, the harvest could not be speedily and effectually saved, and so the land could not be forced to its utmost power of production, to the manifest injury of the British laborers.

It is from overlooking the effect of competition upon the produce of industry, that Mr. Mill has been led to insist so much upon restrictions upon population as the only mode of raising the condition of the working classes. He says, "If the bulk of the human race are always to remain as at present—slaves to toil in which they *have* no interest, and, therefore, *feel* no interest—drudging from early morn till late at night for bare necessaries—I know not what there is which should make any person, with any capacity for reason, concern himself about the destinies of the human race." And he broadly affirms that the prospects of the existing state of society depend upon the question, "What chance is there that opinions and feelings grounded on the dependence of the law of wages on population will arise among the laboring classes?" To me, it seems much sounder philosophy to consider the prospects of society as depending not upon the progress of population, but on the ratio between its progress and the increase of industrial power, together with improved economy of the produce. Surely, the magnificent advance which has been made in the application of scientific and statistical discovery, to the productive arts and social improvement, within the last generation, may satisfy us that we can continue to multiply and replenish the earth, without peril of losing the power to "subdue" it for our wants.

Mr. Mill makes repeated use of the formula, "The standard of laborer's comforts;" but there is no fixed standard of laborer's comforts, any more than there is of royal comforts. We cannot estimate the "comforts" of the apartments in Buckingham Palace from our historical knowledge of the furniture of Henry VIII.'s chamber, which, "independent of the bed and cupboard, consisted only of a joint stool, a pair of andirons, and a small mirror."*

Mr. Macaulay remarks, that "It is now the fashion to place the golden age of England in times when noblemen were destitute of comforts, the want of which would be intolerable to a modern footman; when farmers and shopkeepers breakfasted on loaves, the very sight of which would raise a riot in a modern workhouse; when men died faster in the purest country air than

* Henry's Great Britain.

they now die in the most pestilential lanes of our towns, and when men died faster in the lanes of our towns than they now die on the coast of Guinea."

The "standard of comforts" is, then, not a cause, but an effect, depending chiefly upon the standard of the economic virtues of industry, frugality, and forethought; and to raise that standard, by demonstrating the benefits of self-reliance, is one of the duties of the practical economist.

But, as I have already observed, competition has been accused of depressing wages, not only as it prevails among the working classes themselves, but as it exists among capitalists. This fallacy, also, involves a contradiction of the principle of self-dependence. Louis Blanc asks, "What is competition with respect to labour? It is labour put to auction." And the answer he gives is literally true, but not in the sense adapted to his argument. He should have said, for his purpose, that it was capital put up for auction. But labour is put up for auction in a mart where capitalists are bidders; although the process is conducted on so large a scale, that, as in the great operations of nature, we do not see its uniform working. The employer cannot force wages below the rate determined by the market value of the workman's exertions, and the workman ought not to look for more. To view their relation otherwise than as the result of a mere contract, is to degrade free labor into the position which it occupies in the estimation of Mr. Mill, Mr. Kay, and other writers. Mr. Kay, in his work upon the "Social Condition and Education of the People," says, "In a country where, as in England, the social arrangements are such as to deprive one class of the poor, viz., the peasants, of any means of improving their condition in life except by leaving their homes, the competition among the middle classes presses with peculiar hardship upon the laborers. The man who fancies he is obliged to keep up a certain style will, necessarily, be obliged to reduce his payments to those around him, as much as possible. His servants and laborers cannot expect more from him than the lowest hire, at which, by hard bargaining, he can procure their services." Now, all that the independent laborer ought to look for is precisely "that lowest hire at which, by hard bargaining, his services can be procured." He is worthy of that hire, and of no more; and were it anything else than a "bargain" between him and his employer, the relation between them must be the degrading one of lord and serf. Besides, the working classes would not be benefited by an effort at liberality on the part of their employers, for two reasons; first, because the addition to wages which they could derive from a share in the funds at the disposal of the employers would be very slight, supposing that those funds would continue to exist; and, secondly, because they would not continue to exist, if the laborers were to participate in them.

As to the first of these reasons, I need only refer to a calcula-

tion in Mr. Burton's excellent work,* showing how small an increment to wages could accrue from a share in profits; and, at the same time, how great may be the difference in the earnings of different workmen in the same manufactory, according to the different efficiency of their labor.

The second reason requires no analysis; since the motive for accumulation would cease, when the reward of abstinence would be appropriated by others.

This reference to Mr. Burton's work leads me to the consideration of a theory held by Mr. Mill, to which I have before alluded, and to which Mr. Burton lends his sanction, on what appear to me to be insufficient grounds. I mean the theory that the working classes might be benefited by a participation in profits on the "co-operative principle." That principle seems to negative the efficacy of self-dependence. The laborer who relies not solely on the value of his own exertions, measured in the wages he can earn, but also on a share in a fund arising from another source, is not self-dependent. But, besides, I believe that the labourer would be eventually injured by this mode of remuneration, and injured by the absence of the very element on the ground of which Mr. Burton recommends the plan. He says, "It is expected that, under such a system, workmen participating in the profits would gain much larger incomes than they obtain in the shape of salaries. But it would be a mistake to suppose that they would do so by obtaining a portion of some great fund which now finds its way to the hands of the capitalist in the shape of profit. The great source of the increase would be the enlarged energies of the workers, who, depending more directly for their incomes on the amount produced, would naturally labor with increased energy and vigilance."

I think there is in this project a modification of Communism, under a plausible disguise. The fallacy lies in the assumption that the workers *would* "depend more directly on the amount produced," so far as their own separate exertions were concerned in the production. It is proposed that each individual workman should not be mainly interested in the value of his own individual exertions, but in the combined industry of his fellow workman and the assistance of the capitalist. From each individual workman, therefore, this arrangement withdraws some portion of the force of that most powerful stimulus to exertion—self-interest in the result; and so it withdraws from the collective body a certain amount of self-interested productive energy. The substitute of an interest in the industry of other people is a weak stimulus to self-exertion, and that substitute is the corner-stone of the system. Besides, the laborer does not, and cannot, exert that species of intellectual labor from which the capitalist derives the wages of superintendence; and it seems to be an unreasonable interference

* Political and Social Economy, chap. vi.

with the natural laws of distribution, to pay a man partly for what he does, and partly for what he does not do.

Mr. Mill refers with great satisfaction to the vitality of the co-operative principle in America ; but I apprehend that his notion of the degraded position which hired labour occupies in the ranks of industry, would be received in that country with considerable astonishment.

My limits preclude me from here investigating the second and important class of causes referred to at the commencement of this paper, as affecting the well-being of the working class through the economy of wages. But there is a mode of interference with the labourer's self-dependence, arising from their own conduct, to which I may briefly advert in conclusion ; and here again, Mr. Mill is at issue with the natural laws upon which Political Economy is based. He says, "Notwithstanding the cruel manner in which the exclusive principle of combination operates in peculiar cases, I find it impossible to wish, in the present state of the general habits of the people, that no such combinations existed." It is much to be regretted that so distinguished a writer should have lent his sanction to such a pernicious sentiment. It should rather have been his earnest purpose, to convince the great body of the people that it is not to interference with the natural march of industry they can look for the advancement of their well-being, but to the orderly progress of their ranks in the paths of civilisation.

Workmen may combine to deter capital from their trade—they may place their own industry under regulations fatal to its productiveness—they may strike and refuse wages altogether—they may increase the much-bemoaned pressure of taxation to protect the community from violence—they may tax themselves out of scanty funds to maintain the organisation of their league ; but they cannot, by combination, add anything to the fund which is the produce of self-dependent industry.