

OBSERVATIONS ON THE INFLUENCE OF STRIKES UPON REAL WAGES.

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At the present moment in Europe, America, and Australasia, many industries are paralysed and the well-being or comfort of thousands of families are more or less sacrificed by organised or enforced idleness involving a considerable diminution in the creation of commodities or real wealth. These Strikes, as they are termed, are entered upon by thousands of honest, hardworking, peace-loving men. In loyalty to their order and to their recognised leaders, they display many characteristics which cannot but excite some degree of wonder and admiration; for this voluntary suspension of the means of livelihood to them not only involves unflinching self-denial of ordinary comforts, but also the facing of a terrible risk that in the dark, prolonged struggle, the lives of those that make life dear to them may be crushed and overwhelmed by want and misery.

Facing such risks, it is only natural that the ordinarily peaceable man should become restless and excited, nay, violent, when the campaign of self-sacrifice and loyalty to their fellows seems about to be jeopardised by the opposing action of those who seem to them to be lawless renegades of their order.

Those of the community whose interests are in conflict or are not supposed to be immediately affected by a combined strike—whether for shorter hours, resistance to the lowering of the rate of wages, or the raising of wages—may be surprised and may condemn “unionists” on Strike for violently opposing the filling up of their places by so-called outsiders, freemen, non-unionists or blacklegs, but a little consideration from the standpoint of “Put yourself in his place” will reveal much that tends to palliate their modes of action or behaviour, if it does not exonerate or justify them. Be it remembered that their hope of success entirely depends upon their loyalty to each other under the most severe strain to human beings, viz., privation and misery; that their battle squares, if broken entails defeat; that the breaking away of any of their number or the intrusion of opposing outsiders destroys all their hopes, make their prolonged sacrifice of no avail, and leaves them in a much worse position than at first.

On the other hand (making allowance for mistakes in judgment), there is much that is admirable in the sympathetic, sacrificing support of brother workmen in other trades or

divisions of labour, who, although not themselves immediately concerned, yet voluntarily resolve to help by docking 1s. per week from their own small earnings, nay, often sacrifice for a time their earnings altogether where it is thought that a Strike in their own branch would serve more speedily to bring their brother-workers' campaign to a successful conclusion.

In the present day—with its hard and fast divisions of labour, its fluctuations of demand and supply, its hordes of unemployed, and its crushing competitive rings and interests—the intelligent wage-earner perceives plainly enough that as a unit he is perfectly helpless, and that he can only succeed in bearing up against opposing organised interests by a similarly organised action.

No one who has closely followed the struggles of workmen during the last thirty years can fail to perceive that upon this organisation (solidarity) rests the whole strength of their position in the industrial scheme, and that anything which tends to weaken or demoralise their centres of organisation, meets with their most strenuous resistance; for it is manifest to them that the breaking or weakening of the heart or centre of their organisation detaches them again to helpless units who are unable to enforce any claim whatever.

It will be conceded, therefore, when it is proposed to ask the question, *Can Strikes raise Real Wages of Wage-earners all round?* that the writer is one who regards combination or co-operation amongst wage-earners as of paramount necessity to them, and that when all better modes of appeal for reasonable concessions are unavailing, the last and terrible resort "to Strike" may in certain cases not only be justifiable but imperative.

STRIKES CAN ONLY SUCCEED IN RAISING *Real Wages* WHEN IT IS PARTIAL OR CONFINED TO INDUSTRIES THAT COMPRISE A SMALL PROPORTION OF THE COMMUNITY.

While much has been granted in favour of organisation, and the right to resort to Strikes under certain circumstances, it cannot be concealed that many expect by organised Strikes to effect what is plainly an utter impossibility, even if employers gave way at every point.

A Strike may be the means of successfully raising the status of some branches of labour that are comparatively underpaid or over-worked; it may raise the *real wages* of a particular country or locality which formerly laboured under the average remuneration of other countries; it may temporarily be the means of forcing the capitalist or employer to give a fairer or larger share of the profits of capital and labour—*i.e.*, machinery plant, skill, and labour—but from the very nature of the common source of all profit and

wages [viz.—the *current products* created by the combined services of capital (instruments) and labour], Strikes cannot raise the *real wages* of *all* wage-earners.

In other words, it is possible to regulate and alter the distribution of the aggregate wealth of consumable necessaries of life, but so long as this aggregate wealth fails to be increased per capita per year, Strikes cannot increase the *real wages* or the purchasing power of a day's labour of *all* wage-earners. In a word they cannot divide more than what has actually been created or produced, although the *nominal rates of wages* and *nominal prices of commodities* may both be raised to any extent without real benefit to anyone.

To secure a general nominal rise of wages in *all* branches of labour would further have the immediate effect of lowering once more the *real wages* of those who already had effected for themselves an advantage by successful combination or Strikes. This may seem hard to believe by many who have not taken the trouble to discern the fundamental distinction which exists between *real wages*—which alone can improve the workman's condition—and *nominal wages*, which, if raised ever so high, in all branches of labour, leaves the workman just in the same condition as at the beginning.

But, directing the attention to the fact that there is an important distinction, it may prepare the more thoughtful to contemplate that there is something underlying these terms which they would do well to understand, for it cannot be too often asserted that Strikes might possibly raise the *nominal wages* of workers all round a hundred-fold, and yet result in the positive lowering of the *real wages* of all workmen who, by means of organisation, hitherto have succeeded in bettering their condition as compared with their less perfectly organised fellow-wage-earners. It is the failure to recognise the essential difference between *real* and *nominal wages* that renders futile the many schemes of sentimentalists, which have for their object the laudable design to improve the condition of the people.

REAL AND NOMINAL WAGES.

No one has more clearly defined the nature of *real* and *nominal wages* than Mr. George Gunton, in his admirable work "Wealth and Progress." He states (p. 74): "By *real wages* is meant the actual amount of wealth (social well-being) obtainable by a day's labour. By *nominal wages* is meant the amount of *money* obtainable by a day's labour." In other words *real wages* means the actual purchasing power of a day's labour, while *nominal wages* may or may not always afford a correct index of the comparative purchasing powers of a day's labour. For example, in England the minimum supply of the necessaries of life for a workman and his

family for one day may be secured by a nominal expenditure of 4s. in money. If his nominal or money wages for a day of nine hours be 5s. then the purchasing power of his real wages for one day's labour is equivalent to the command over 1 1/5th days of the necessaries of life. If the same necessaries exactly in America cost a nominal or money value of 6s., it follows that a nominal or money wage of 7s. 2/4d. for a nine hours day in America would only have the same purchasing or real wages value as the nominal or money wage of 5s. per day in England.

Now, as it can be shown that the nominal cost of a day's labour mainly determines the ultimate nominal cost of the commodity, product, or service related to that effort, it follows that if *nominal wages* all round were arbitrarily raised 20 per cent. without actually increasing products, it would inevitably result in raising the *nominal* prices of commodities or necessaries all round to the same extent, and thus leave the purchasing power or *real wages* of the labourer in the same position as at first.

It has been purposely assumed that this effect would only be brought about where the arbitrary increase to *nominal wages* was equally spread over all classes of wage-earners; for it is not denied that an arbitrary increase to *nominal wages* if restricted to a few industries might increase both the *nominal* and real wages of these trades; but in all such cases it would be obtained by a proportionate *decrease* of the purchasing power or *real wages* of every other class in the community who were obliged to purchase the products so enhanced in price of the various industries who succeeded in having the *nominal* wages so raised. It is the consumers of products or services who would ultimately lose by the advantage gained by the industries whose wages were nominally raised, and not the capitalists and employers who directly were obliged to advance the *nominal wages*.

It is only under such restricted circumstances where Strikes could really benefit any industry by raising *real wages*. They would of necessity fail to raise *real wages* if the *nominal wages* of every class were raised by the same percentage of increase as has already been explained. Unfortunately the workers in many industries whose labour is worst paid (*e.g.*, seamstresses and agricultural labourers) lack organisation, and thus fail to improve their position among other labourers, although the nominal cost of the necessary satisfactions of life is the same to them as to the better paid wage-earners. But here again it must be borne in mind that any increase in *real wages* gained by them by the nominal raising of wages could only be secured where the *nominal* increase to wages is restricted to a few industries. This is made all the more apparent when we try to estimate (however roughly) the

composition, numbers, and nominal earnings of the various classes of any Society.

It is impossible with our present knowledge to gauge all such conditions accurately, but if, for example, we divided all Breadwinners—Rich and Poor—into, say, five distinct groups, thus—

ASSUMED PROPORTION.				
1. Upper Class Rich, say	...	1	per cent.	of Breadwinners.
2. Middle Class	„	5	„	„
3. Higher Industrial	„			
and Artisan	„	15	„	„
4. Middle Industrial	„	20	„	„
5. Lower Industrial	„	59	„	„
		<u>100</u>		

If, further, the total satisfactions secured per day amounted to £33 6s. per 100 Breadwinners, and were divided as follows:—viz.: for the 1st, 40s.; 2nd, 20s.; 3rd, 10s.; 4th, 7s.; 5th, 4s., we may ask—What, then, would be the effect upon all if the satisfactions were equally distributed according to the day's labour, disregarding the nature, quality, or quantity of the work or service performed by the various classes? Some indication of the effect that would be produced is shadowed forth in the following table:—

	Per-centage pro-portion.	SATISFACTIONS PER DAY			Total Satisfactions if equally distributed.	Increase or decrease per cent.
		Assumed existing proportion.	Total.	s.		
1. Upper Class Rich ..	1	@ 40s.	40	6.66	— 83.3	
2. Middle Class ..	5	@ 20s.	100	33.30	— 66.7	
3. Higher Industrial & Artizan	15	@ 10s.	150	99.90	— 33.3	
4. Middle Industrial ..	20	@ 7s.	140	133.20	— 4.8	
5. Lower Industrial ..	59	@ 4s.	236	392.94	+ 66.5	
TOTAL OR MEAN ...	<u>100</u>		<u>666</u>	<u>666</u>		

From the preceding table it would appear that if all classes shared equally in the satisfactions assumed to be created by the aggregate labour of men, only the lowest would receive a positive increase, while the four higher would lose a considerable per centage, amounting to a decrease from 4.8 per cent. in the Middle Industrial to 83.3 per cent. in the Upper Class Rich share. Even the Higher Industrial and Artizan Class, who often dream that a redistribution of wealth would be to them of untold advantage, would, as shown, probably lose 33.3 per centage of their present allotted share of created satisfactions if the world's created wealth were equally distributed among all men.

This equality of distribution is the dream of many

NOTE. — Indicates Decrease. + Increase.

Socialists, whose present share of the satisfactions of life would certainly have to be lowered, not raised, if their visionary schemes could be carried into effect.

In conclusion it seems only too true, as asserted by Mr. Gunton, "That nothing can improve the social condition of the masses, whether it raises nominal wages or not, which does not increase the general rate of *real wages*, the degree of which may be universally taken as the accurate measure of social progress;" and, "there are no economic means by which the material condition of the masses can be permanently improved which do not tend to increase the aggregate production of wealth per capita." Invention, increasing command over the forces of nature, thrift, and industry can alone accomplish this. Schemes of Distribution and Strikes for higher nominal wages must end in failure and disappointment, so far as the great masses of men are concerned.

It would be well for capitalist and wage-earner, employer and employed—whose interests as producers and *consumers* are almost identical—that when matters requiring adjustment are proposed, there should be greater facilities afforded in the Councils of both interests for securing a friendly settlement. So long as high-handed action on either part bars the way to the friendly conference of *acknowledged representatives* (except after the bitterness and friction of an industrial war), so long will the unsatisfied claims, the suspicions and misunderstandings of both parties, result in injury to both; and to the absence of these facilities, mainly, may be attributed the most disastrous of all such evils, viz. Strikes.