

CAN STRIKES REALLY IMPROVE THE CONDITION OF THE MASSES ?

BY A. J. OGILVY.

The question—the very serious and practical question raised in Mr. Johnston's late interesting paper is this—Can the toiling masses really improve their condition by these incessant and unhappy Strikes, or are they only beating their hands against the iron bars of inexorable Economic Law ?

That, at any rate, whether it exactly represents what Mr. Johnston meant or not, is the great question of the day ; and it seems a very plain question. Yet, plain as it seems, one or two other questions appear to have got rather mixed up with it which are no part of it all. For instance, the question is not whether if all nominal *incomes* were raised real incomes would be raised too, and that if everybody had twice as many shillings, other things being unaltered, everybody would be twice as well off.

The most ignorant striker does not imagine this for a moment. He understands perfectly well that the increased pay that he expects to get must come out of somebody else's pocket. Neither is the question whether "men can divide amongst themselves more than is created or produced." Of course not. We might as well be asked to debate whether 2 and 2 could make 5. That is not the great Strike question.

Briefly summarised, the proposition placed before us in Mr. Johnston's paper is that strikes, if carried out on any extended scale, must fail, because a mere increase of nominal wages, unaccompanied by any increase in production, cannot really improve the condition of the masses. The aim of this paper is to show that it can. The proposition indeed ought to be reversed and stand thus:—No increase of production can improve the condition of the masses unless accompanied by an increase of nominal wages. The nominal wages are the main thing, because it is not an increase of production, but an alteration of distribution that is aimed at.

What we are concerned with is an increase of *wages*, that is, of the income of the *masses* : of the lower 10 millions whose toil is the active factor that produces all wealth, not of the upper 10 thousand who in some mysterious way manage to get rich upon that toil.

Society, in the view of the masses, may be roughly divided into 3 classes :

- (a.) Those who derive income absolutely without any effort of their own, and consequently from the efforts of other

people. Of these are receivers of ground rent, holders of state bonds, money lenders, shareholders in companies, and so on.

- (b.) Those who do contribute some effort, but effort absurdly disproportionate to the income they receive. For example, the manufacturer who makes some thousands a year by only some 4 or 5 hours attention to business a day, while his factory hands only get £1 a week or so for some ten hours work a day.
- (c.) Lastly come the toiling masses who bear practically the whole burden and heat of production, and yet gain but a mere subsistence. This last class thinks that the two first classes get much more than their fair share, and it strikes in order to make them disgorge. A strike, then, is a movement of the underpaid against the overpaid.

Whether the two first classes do really get more than their due is a matter that we have nothing to do with at present. We are not concerned with the ethics of the question. All we have to enquire is, not whether strikes *ought* to succeed, but whether they *can*.

In the primary industries, that is in those which are concerned in extracting or producing the raw materials of wealth from the land (as in agriculture and mining), where certain lands only are suitable for the purpose (as for instance fertile lands for agriculture, and mineral lands for mining), and the intending users are much more numerous than the owners, there is keen competition for possession of such lands, and the competitors run each other up in rent. In all such industries every increase of wages will come out of the rent. For rent (or, at any rate, that portion of it which we are now concerned with) is simply the surplus which remains after paying working expenses and tenants' "ordinary profit;" and every rise in the expenses or fall in the profits will reduce the rent proportionately. Take agriculture. In every lease the rate of wages and the price of produce is tacitly accepted on both sides as the basis of the whole calculation; and both landlord and tenant understood quite clearly that if wages rise or prices fall, not as a mere fluctuation, but with every appearance of "settled weather," the rent will have to be re-adjusted at the first opportunity. But royalties on minerals are but rent under another name, and are determined by exactly the same calculations. Think what a vast area of industry, and how great a body of workers are represented in this category! It includes the raising of every description of crop, and all grazing, dairying, and many other products; also all coal, iron and metal of all sorts, building stone, slate, lime, china, and brick clay, and minerals too numerous to mention, in all which every increase in the cost of the working will come out of the rent. It covers also not only all those who

are actually on the land, but all who are directly or indirectly engaged in providing the appliances or placing the product in the market. A strike of the seamen who carry the coal, or of the artificers who make the mining appliances, will fall on the landlord as surely as will a strike of the actual miners, and for the same reason, viz. : that it increases the cost of placing coal in the market, and so leaves a less surplus available for rent. In every department of industry, then, which is concerned in supplying the raw material of wealth from the land, every enforced rise of wages will be clear gain to the labourer, because the loss will fall upon the landlord, *and stay there*.

But in the secondary industries ; in those industries which are concerned, not in extracting the raw materials of wealth from the land, but in working up and distributing those materials (as in manufactures and commerce), in which the land is not an active factor, so to speak, in the work, but is required only as a site, one site doing (within certain limits) as well as another, where consequently trade competition is not for possession of the land but for custom, and the competitors run each other down in price instead of running each other up in rent. In all these industries increased wages will signify increased price of goods.

But these goods again are of two kinds, those which the masses consume, and those which they do not. On those which they do not consume no increase of price will affect them.

Few people realise how vast a proportion of the industry of a rich country like England is concerned in providing luxuries and enjoyments for the rich. Taking goods only, and putting mere services aside, one has only to walk down the street glancing in at the goods displayed in the shop-windows to see that the greater part consists of goods quite out of reach of the masses, and in which consequently no increase of price will concern them. The butchers and bakers, the grocers and the clothiers, are the chief shops which the masses deal with, and even in these, in the two latter at any rate, the greater quantity, whether measured in variety or in value, consists of articles of luxury available only to the well-to-do ; while in many shops the display exhibited contains hardly a single article within reach of the poor.

In all those commodities, then, which the underpaid do not consume, the loss due to increased wages will fall upon the overpaid, *and stay there*, again leaving the whole net gain to the labourer.

Lastly we come to those goods which the masses do consume, and which will rise in price. Here the strikers will suffer a loss, but the loss will not equal the gain even on these goods. In the case of primary products, such as food, the greater part of the loss due to increased wages will, as we have seen, be deducted from the rent instead of added to the price.

In the case of secondary products, manufactured goods, as say for example *boots*, the cost will be added to the boots; but it will not be all piled upon the labourer's boots, the boots of the overpaid will bear their share. If in consequence of a boot-makers' strike an increase of £1,000 in wages had to be paid for a given turn out of boots, then £1,000 would have to be added to and distributed amongst that turn out of boots; the overpaid would have to bear all the added cost that accrued to their boots, leaving the underpaid to bear that part only which accrued on *their* boots; and the share that the overpaid will have to bear on their boots is not to be measured merely by their numbers, for the boots used by a rich man are generally much dearer, representing a good deal more labour than the boots used by a poor man.

To sum up so far, let us express the argument in figures; not pretending for a moment that the figures are even approximately correct, but simply to illustrate our meaning.

Suppose then that in consequence of a series of concerted strikes among the whole class of labourers wages generally were increased by £30,000 a month, we might say that—

10,000 would be taken off rent instead of added to price.

10,000 more would be added to price, but to price only of goods which the strikers did not consume.

And of the remaining 10,000, $\frac{1}{5}$ (or 200) would be paid by the richer classes who consumed their share of such goods, leaving only 8,000 to be borne by the strikers on *their* share.

The profit and loss account to the strikers would then stand thus—

Taken out of rent and added to wages	...	10,000
Levied on rich purchasers of luxuries and added to wages	10,000
Levied on necessaries and small comforts and added to wages	10,000
Total	30,000
Deduct increased price on strikers' own purchases	8,000
Net gain to the strikers	22,000

It is said, however, that if the upper classes lose so much there must be so much the less employment for labour, and so the loss will come round to the labourer after all.

There will be no less employment.

For why will the upper classes have got so much less? Simply because the lower class has got so much more. It is not a loss but a mere transference of employing power. What the masses want more money for is to spend it, and they can

only spend it in purchasing goods and hiring services just as the upper class did. They will in short, to the extent of the transference, be employed by each other instead of by their old employers.

My time being limited, I have been obliged to state my case in broad outline, without going into details and qualifications, but there are one or two such qualifications, real or apparent, that we may have time to glance at.

1. There is of course a limit to the rise of wages. The labourer cannot earn more than his labour produces. But this limit is a long way off; what the labourer actually gets is a very small portion of what his labour really produces; and the question before us is not whether there is such a limit, or how far off it is, but whether strikes, as strikes, can under present circumstances really improve the labourer's condition or not.
2. It will be said that the fall of rent which we have predicted will throw some lands out of use, and so actually diminish the total production of wealth. That is to say, that land that now yields current wages to labourers, and profit to employers, but only a small surplus for rent, will then yield no rent at all; in which case the landlord will withdraw such land from use and devote it to his own amusement, say for sport.

Well, that opens up a question about which you will hear more before long, viz. : the question whether a man who claims to be sovereign lord and master of a certain portion of the earth's surface shall be allowed deliberately to prohibit all productive industry on that area, to forbid willing labourers from working, and enterprising capitalists from investing merely because such enterprise will not yield blackmail to him, as well as profit and wages to the workers.

But passing that by, I would point out :

1. That a more equitable distribution of the produce of labour is a boon so great in itself as to be well worth some cost, and that we need not be dissatisfied because less luxuries are produced for the few very rich, if more comforts are provided for the many poor; not even though the loss in value on the luxuries exceeds the gain in value on the comforts.
2. That it is only the very worst lands that will be withdrawn, and the loss through the withdrawal of these worst lands will be more than compensated by the more effective utilisation of the better lands; for these better lands will now be tilled by better paid men, and well paid labour is more effective than badly paid labour.

Allow me here to quote a short extract on the advantage of high wages.

“ But high wages are not only a sign of progress, they are also a factor of progress, and this in three ways :—

1. When the labourer is well paid he becomes more intelligent and skilful, more self-respecting, a better man all round. I do not mean that wherever the labourer is poorly paid he is dull, unskilful, immoral, and that wherever he is highly paid he is all that he ought to be; for many agencies go to the making of character besides the rate of wages. But I mean this: that, given any labourer of the character that he is, however produced, higher wages will make him better, not worse—more efficient, not less.

2. High wages induce clever men to invent, and compel slow men to adopt labour-saving contrivances of all sorts, and so add to the productiveness of labour. Employers do not bother themselves about inventions where labour is dirt cheap. In the making of the Suez Canal, the sand was excavated with common hoes, and carried out on women's heads, though steam excavators and elevators were well known, and would have saved nine-tenths of the labour. But the labour wasn't worth saving—to the contractors. Improved appliances in agriculture are in much more general use in America and Australia, where wages are high, and because they are high, than in England; and more in use in England than on the Continent, for similar reasons.

3. High wages, like free-trade, help to weed out weak industries, and to concentrate labour where it is most effective, as already pointed out.” *

It may be said again that the increased price referred to of goods consumed only by the upper classes will diminish the consumption, and that to that extent the labourer will fail to shift the burden of his increased wages on to the rich consumer. Granted. But the effect of this would merely be to diminish the successfulness of strikes, and the question before us is simply whether strikes *when they are successful* can really improve the labourer's position. I have tried to show that they can. It is for the present company to decide for themselves whether I have succeeded.

* Extract of a paper, “ Land Nationalisation,” by the author (reprinted by permission), from the Co-operative Wholesale Societies' Annual, 1890, and issued by the Land Nationalisation Society: Manchester, 1890.