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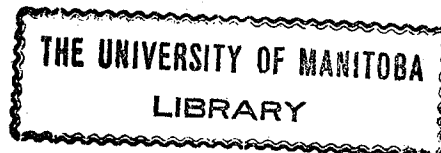
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THE PROBLEM OF WAGES

Ch. I	P. 1
II	10
III	17
IV	26
V	32
VI	40

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## THE PROBLEM OF WAGES.

### CHAPTER 1:       Introductory: The General Rate                   of Wages.

In modern society the Wages Problem, like the problem of pauperism, may be said to be always with us. It has been so since the dawn of free labor, and is indeed, like taxation, part of the price we pay for liberty; for, just as only a freeman can pay taxes, so only a freeman has any say as to the terms on which he will labor. Industrial disputes for the most part present this problem in one or other of its many aspects; and some idea of its many-sided character will be had if we look at it from the standpoints of the laborer and the employer respectively.

The interest of the laborer lies in securing the highest possible real reward for his labor, while that of the employer consists in reducing as far as possible the real cost of labor. Paradoxical as it may seem, however, the two aims are not necessarily inconsistent with each other, as will be seen if we consider briefly the elements that enter into real wages and real costs, respectively.

In comparing the real wages of labor at different times and places it is necessary to take into account not merely (1) the rate of the money wage, but also (2) changes in the value or purchasing power of money, e.g., the great rise in prices between 1896 and 1920; and here it is necessary to note that the change in the general purchasing power of money may not be the exact measure of the change in its purchasing power over the items that enter into the laborer's standard of living. It is in this con-

nection that the need of accurate Workmen's Budgets becomes apparent. Further it is necessary to make allowance for (3) varieties in the form of payment, other than money, such as board and lodging or payments in kind; (4) opportunities for supplemental earnings -- sometimes very important, as in the case of certain hotel employees; and (5) the degree of regularity of employment. It is important to bear this last in mind when reasoning on the basis of records of daily or weekly wages. Thorold Rogers ignored this factor in estimating the annual real wage of the fifteenth century laborer in England. Finally we have to take account of (6) the average duration of the working life, which varies greatly in different employments. The longer this is, the less must be the disutility, wear and tear or expenditure of "life-force" involved in each day's work. Trade Union influence and Factory Acts have combined to raise real wages by diminishing the "quantity of labor" involved in work.

When we turn from this subjective standpoint and consider the Wages Problem from the employer's point of view, it is the real cost of labor with which we are concerned. Now, while the nominal cost of labor to the employer is indicated by the money wage he pays, real cost, as Mill points out, is a function of three variables; (1) the amount of real reward given to the laborer; (2) the cost to the employer of obtaining that real reward; and (3) the efficiency of labor, which determines what the employer receives in return. This third factor -- the efficiency of labor -- is itself the resultant of many causes of which it may suffice to mention here: (a) the physical strength

and energy of the laborer, which in turn is affected by inherited racial characteristics, meagreness or liberality of diet, personal habits, and the sanitary conditions under which the work is carried on; (b) the general intelligence and morality of the laborer, which is greatly influenced by his early home life and education; (c) the strength of the motives for work, which may be increased by education giving rise to new wants and social ambitions, and by a fair adjustment of reward to work done.

Any increase in the amount or cost of the real reward, or any decrease in efficiency, would ceteris paribus raise the real cost of labor. But it is to be borne in mind that an increase in nominal cost, through an increase in the first element, may be more than balanced by an increase in the third; for nominally dear labor is often really cheap because of its high efficiency; while on the other hand the labor of the slave, as Adam Smith reminds us, "though it costs to his employer only his maintenance, comes in the end to be the dearest of any." The interests of employer and laborer are harmonious to the extent that there is economy in high wages and in good conditions of work.

#### The General Rate of Wages.

Various theories have been formulated purporting to explain the causes determining the general rate or level of wages prevailing throughout the country at any given time. Of these the most important have been (1) the Subsistence Minimum theory, described by Socialists as the Iron Law of Wages; (2) the Wages Fund theory, which finds its most elaborate and detailed exposition in J. S. Mill's "Principles"; (3) the Produce theory, which was the outcome of criticism of Mill's Wages Fund theory by

Thornton and others, and which finds its fullest expressions in the writings of F. A. Walker; (4) the modern Produce cum Bargain theory, which takes account not only of the causes determining the productiveness of industry but of those that determine the distribution of the product.

The Subsistence Minimum theory is implied in much of the reasoning of the Physiocrats, and it was in close accord with the facts in eighteenth century France. It was afterwards formulated by Socialist writers as the "Iron Law of Wages," on which they based their doctrine of the exploitation of labor by capital - the laborer being left only a subsistence minimum while all the surplus value of the produce of labor is taken as profits by the capitalist. This so-called "Iron Law" the Socialists attributed to Ricardo, but it is really a slovenly misinterpretation of Ricardo's teaching.

According to Ricardo, the value of labor, or the rate of wages, depends on the cost of production of labor, that is on the cost of the laborer's subsistence. This, the Socialists argue, is the cost of the necessaries required to maintain a standard of wretchedness which is limited to the physical minimum of a bare existence for the laborer and his dependent family; the marriage rate will conform to the price of the food staple; the laborers are able "one with another to subsist and perpetuate their race," but that is all. But that is by no means Ricardo's doctrine of Wages. He states that the cost of the laborer's subsistence, or "natural price of labor," depends "on the quantity of food, conveniences and necessities become essential to the laborer from habit." It depends, in other words, on the standard of comfort of the laborer, which "varies at different times in the same

country and very materially differs in different countries," and may be raised by education, and, further, the "Market Rate" of wages in an improving society is constantly above the "Natural Rate" for an indefinite period.

Ricardo, therefore, and in this he follows Adam Smith, recognized that, except in a retrograde society, the subsistence minimum merely sets a limit below which wages cannot fall for any length of time. The natural or normal rate in a progressive society will, he holds, be higher than this in so far as the standard of living is higher, while the market rate may often be higher still.

Clearly this Ricardian theory is radically different from the "Iron Law" of the Socialists; and modern economists recognize even more fully than Ricardo does the elasticity of the standard of comfort which sets the minimum, and which, amongst the great mass of the people, has been enormously raised since Ricardo's time. Indeed the prevailing view now is that the general rate of wages, as determined by the productiveness of industry and the bargaining power of labor, has more influence on the standard of living in the long run, than has the standard of living on the general rate of wages.

The next theory that developed was the Wages Fund theory. According to this theory a certain amount of capital, fixed and rigid, at any given time, was set aside for the settlement of wages. It was distributed by competition among the workers whose number was also taken as fixed for the time. The conclusion reached was that wages could be increased only by keeping population down. Adam Smith, whose "Wealth of Nations" contains the germs of practically every theory of wages that has since been developed by any economist of note, suggests the

Wages Fund theory when he says ; "The demand for those who live by wages, it is evident, cannot increase but in proportion to the increase of the funds which are destined for the payment of wages." ("Wealth of Nations;" Volume 1, p.76). But with him the fund is not taken as fixed, but as variable, depending on whether the society is advancing, stationary or retrograding.

Ricardo's treatment of the subject also suggests a Wages Fund theory but here again there is lacking the conception of fixity in fund, which would indeed be incompatible with his theory that the natural rate of wages is determined by the standard of living. (See "Principles of Political Economy and Taxation," Gonner's edition, Ch. 5; also Taussig, "Wages and Capital," Ch. 9). The earliest definite statements of the theory are found in J. R. McCulloch's "Essay on the Circumstances which determine the Rate of Wages and the Condition of the Laboring Classes," (1826), and Nassau Senior's "Outline of Political Economy" (1836). Senior states that the rate of wages is determined by "the extent of the fund for the maintenance of laborers, compared with the number of laborers to be maintained."

But the most systematic and carefully guarded exposition of the Wages Fund theory is that of J. S. Mill in Book I, Ch. 5, and Book II, Ch. 11 of his "Principles of Political Economy" (1848). But Mill's exposition was really the swan-song of the theory, for though it still stands in his "Principles," Mill himself, in response to the criticism of Longe and Thornton, published a frank recantation in 1869. (See Haney, "History of Economic Thought," Ch. 27).

The Wages Fund theory involved three propositions,

namely, that

- (1) Wages are paid out of capital;
- (2) The amount of wage-capital at any given time is fixed, i.e., determined by pre-existing conditions;
- (3) The greater the number of laborers, i.e., workers for hire, the smaller the share of each.

These propositions, however, are open to criticism because:

- (1) Wages are not paid out of capital, but are only advanced out of it. The rate of wages is affected not by the amount of pre-accumulated capital, but by the productiveness of industry and the prospect of profit. For the truth we turn against to Adam Smith; "The produce of labor constitutes the natural recompense or wages of labor.....Where much is to be made by labor much will be paid for labor.....It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labor." ("Wealth of Nations," Book I. Ch. 8).

- (2) There is no fixed amount of capital; it is as elastic as the labor force.

- (3) Since laborers don't depend on capital for wages, but each make a contribution to the product, they may increase even more than proportionally the sum to be divided, bringing into play the law of increasing return through better division of labor. This is especially apparent in new countries.

Wages depend on the productivity at the margin. The normal rate of wages is the amount of value which a given increment of labor produces at the margin. The standard of living affects the product at the margin. Anything which enhances productivity of labor will raise wages, for example, education,



moral vigor, energy, etc. The Wages Fund theory treated labor as any other commodity, subject to the law of demand and supply. Labor is subject to difficulties not faced by other commodities; e.g., the laborer must suffer disutility in delivering goods, and must live, so cannot hold out long for a better price.

The whole question of the Wages Fund theory is now only of historical and theoretical importance. The Wages Fund theory has to do with the question of production rather than of distribution. "Its truth has been misconceived, its importance exaggerated." (Tausig, "Wages and Capital," p. 322.)

The produce theory was advanced by Thornton and F. A. Walker as a criticism of the Wages Fund theory and is based on the principle that wages are determined by the marginal product of labor. Effective productivity is the test of wages, and so we have the Principle of Effective Productivity, which is as follows: "the effective product of any workman must be equal to the absolute product of a man who is within the marginal zone." But how is the product at the marginal zone to be secured by workers? It tends to be obtained through competition.

This theory has been founded on two rival beliefs, each one of which has an equal right to call itself the Produce theory. The first of these is that high wages are the cause of large output, and the second that large output is the cause of high wages. The first conception is the most generally accepted one. Higher wages cause a greater demand for commodities, and this, in turn, causes improved methods of production and a larger output. Again, higher wages increase the efficiency of labor and thus provide a greater output. The other version, that

large output is the cause of high wages is nearer correct; for the large output gives the employer more profits to pay high wages. Since the passing of the Factory Acts the economy of high wages has become a generally accepted doctrine and has raised the standard of life and the efficiency of labor.

The idea on which the Produce theory was based, that each factor that has been used in production tends to receive as a return what it has contributed, is a good one. But how can we determine the exact contribution of each? Two propositions underlie the whole question of the Produce theory.

(1) Labor receives its reward from a product that is its own or from a current product:

(2) Present labor represents in the main a future result, and gets its reward from the product of the past.

To render the Produce theory an adequate explanation of the causes which determine the general rate of wages, it must be supplemented by consideration of the relative bargaining strength of the owners of the productive agents, and of the various factors that go to determine that. Thus we arrive at the modern Produce cum Bargain theory. The question must be viewed from two standpoints, the employer's and the laborer's. The employers will attempt to keep a fixed maximum above which wages cannot rise, and the laborers will endeavor to set a minimum below which they cannot fall. Between these extremes the comparative strength of the bargainers will cast the result. In bargaining strength the individual laborer is at a decided disadvantage beside the powerful capitalist, but his strength lies in the collective bargaining power of all laborers as supported by the Trade Unions.

Remuneration.

Every honest workman is entitled to a fair remuneration for his labor, but how far should the labor performed and the wages received correspond? Wages vary considerably due to circumstances found in different employments. Adam Smith's argument on these variations is well known. He says there are great inequalities in wages arising from the nature of the employments, owing to differences in respect of;

(1) Agreeableness or disagreeableness of work; Clean and honorable trades are ceteris paribus paid lower than dirty and odious ones, although in certain occupations, such as the "sweated industries," where the laborers are a class who have no choice, dirty and disagreeable work is associated with low wages. It is in such occupations that "minimum wage" laws can be economically justified.

(2) easiness and cheapness or difficulty and expense of learning trades; The reward must repay the outlay of capital plus an ordinary rate of profit, just as in the case of a machine; For this reason, the wages of skilled craftsmen normally exceed those of the common laborer:

(3) Constancy or inconstancy of employment; Seasonal occupations must be paid higher in proportion:

(4) Amount of trust to be placed in the workman; Jewellers should receive higher salaries:

(5) Probability or improbability of success: Other things equal the reward should be higher in proportion to the risk of failure.

But, as Adam Smith explains, owing to the overweening conceit

which most men have of their own abilities and their absurd presumption in their own good fortune, the chance of success is generally overestimated, and thus the average wage in risky employments is lower than it ought to be, e.g., in the legal profession or in gold mining.

Many peculiarities in the action of the law of demand and supply with regard to labor are cumulative. One of these peculiarities is, that while the worker sells his work, he still retains the property in himself. The capital invested in him is due to his parents and is cumulative in effect, i.e., the son of an artisan is better off than the son of a laborer. A second peculiarity is that the seller of labor must deliver it himself, and thus the environment in which the work is done is a matter of consequence. Again, labor is perishable, and we must take into account the fatigue and wear and tear involved in delivering its product. Also the seller of labor is at a great disadvantage in bargaining with the powerful capitalists, and the poorer the class, the more is this disadvantage felt. This disadvantage is cumulative in two ways, first it lowers wages and thus lowers the efficiency of the laborer, and second, it lowers his efficiency as a bargainer and he will thus sell his labor for less than he otherwise would. It also requires a great length of time to acquire additional supplies of specialized ability. Here we must consider that the forecasts of parents may be wrong, and we must allow for movements of adult labor.

There are several factors that may place the wages-class at a disadvantage in their struggle for a fair wage.

One of these factors is any law which places a restraint on the mobility of labor, thus forcing the laborer to forego the possibility of moving to another place where he might obtain better wages. The incidence of indirect taxation is also a great burden to the wage-earning class. Injudicious Poor Laws are of great harm, they not only destroy a man's self-respect and independent spirit, but also hamper the mobility of labor, e.g., the old English Law of Settlement. One of the greatest evils that a laborer may be called upon to face is the form in which his wages are paid. In olden times payment of wages by the truck-system was very common, i.e., paying wages or part of wages in produce or kind. This system, however, has now died out.

Again, there are certain factors that may aid the wages-class in competition for the product of industry. The first of these is frugality of living. One of the best aids is found in education and cooperation among the working class. Some legal regulations, which would really correspond to infirmities on the mass of laborers, and would tend to defeat their real freedom of choice and power of movement, would be beneficial to a certain class of low unskilled laborer. Another essential is that the worker and his work be given sympathy and respect from the community.

But what of the methods of industrial remuneration? The wages-system is the purchase by the employers of the labor of the employed. There are four types of industrial remuneration under the wage-system:

(1) Time-wage; (2) piece-wage; (3) task-wage; and (4) progressive-wage. The time-wage is the most extensive method. The time-

wage often has a piece-wage basis, and the piece-wage practically always has a time-wage basis. The employee on the time-wage sells the labor he shall perform within a given period, regardless of the work actually performed within that period. The employee on the piece-wage basis sells a specified amount of work, regardless of the time occupied by the performance of the labor involved. Some of the objections to piece-work are as follows:

- (1) Irregularity of the pace of work;
- (2) Exertion very great; often leads to injurious results;
- (3) Reduction of wages for petty reasons; on account of employer's fear of laborers earning too much.

"If the basis of the wage-contract were the relation between time, pay and output, the employers could properly claim that the man's piece-wage should be reduced in the exact proportion to the improved efficiency of the machinery, accompanied as this is by an augmentation in the rate of output; for under such an arrangement the new reduced piece-rate would still yield the same rate of weekly earnings as the operative had hitherto been receiving." (D. F. Schloss, "Methods of Industrial Remuneration", p. 41.) The employee on the task-wage basis sells the labor which he shall perform within a given period with the agreement to perform within that period not less than a minimum specified amount of work. Under progressive wages the employee receives a promise that, if his labor exhibits a specified degree of efficiency, he shall obtain, in addition to his fixed wage or piece-wage, a remuneration called a premium. In progressive wages we must make sure that the quality of the product is not sacrificed to the quantity produced. The travelling sales-

man is a good example of progressive wages.

Sub-Contract is another form of industrial remuneration. The difference between a piece-work foreman and a sub-contractor is that the former is not an employer while the latter is a sub-employer working under a superior one. There can be sub-contracts without "sweating", though many think the terms synonymous. Does a sweating system really exist?

Sweating does exist but cannot be called an industrial method.

Sweating consists of:

- (1) Grossly underpaying;
- (2) Unconscionably long hours;
- (3) Taxing powers to an unreasonable extent.

The offence laid at the door of the sub-contractor consists in his being a small employer and being remunerated by profit. The essence of the method of sub-contract is the supervision of labor by a person remunerated by a piece-wage or by profit. In time, all supervisors of labor will find action regulated in interests of subordinated workers by either Trade Unions or by cooperation.

Cooperative work is beginning to play a large part in the worker's industrial life. Men associate themselves voluntarily into cooperative groups, determining for themselves of how many persons, and of what persons the group shall consist. These associated workmen then select, from among themselves, a leader, and arrange the division of collective wages among the members of the group. No man shall be compelled to enter any group except of his own free will, and no group shall be forced to accept, as a member, one uncongenial to the group. Their leader shall be elected from, and removable by, themselves. The

collective remuneration shall be divided among the members on a basis recognized as equitable by the members.

Profit-Sharing is the case in which the employer agrees with the employees that they shall receive, in addition to wages, a share in the profits of the business. The ideal of cooperation is that the workers should control the business along profit-sharing lines. The employer's ideas are different, and there is the existence of bitter feeling under the system. The idea of profit-sharing supplies the worker with a stimulus of more than a normal degree of activity. The object aimed at is the perfection of payment by results. If the workers have to wait until the end of the year for their profits their efficiency is impaired. Profit-sharing offends against the first principle of industrial remuneration - "that every man shall receive his just reward."

The method of organization and remuneration contemplated by Industrial Cooperation is an arrangement by which a body of workmen may employ themselves, providing the capital which they require, and dividing the profits of the undertaking, in equitable proportions agreed upon, among them. The suggestion to invest extra profits in the business and become partners is attractive to workmen. But it is uncertain how far this labor copartnership plan would keep industrial peace. Copartnership introduces the worker to financial uncertainty and risk;- uncertainty of bonus, and possible fluctuations of stock in which bonus is invested. If labor shares profits in copartnership, shouldn't it share losses? But labor's losses are different from capital's:- e.g., reduction of wages, unemployment, etc. Profit-sharing is only a voluntary measure, if made compulsory it would lose its stimulus and become a tax on industrial production. The movement to share-holding by



employees deserves greater attention, because it is the line which industrial development is taking.

"For the cooperative movement, training men, as it does, to habits of self-control, developing, as it does, mutual good-will between loyal associates, and promoting, as no other method can in equal measure claim to do, self-respect and self-reliance, merits admiration of all who have at heart the welfare of their fellow citizens." (Schloss; "Methods of Industrial Remuneration," p. 365).

The problem of unemployment is the problem of the adjustment of the supply of and the demand for labor. The fluctuations of industrial activity cause the trouble, trades decay, new processes are introduced, one type of labor may be substituted for another, or the seat of an industry may change. Each trade requires a reserve of labor with which to meet all the fluctuations of work. Such a reserve of labor is called Casual labor, and this Casual employment tends to lower the level of wages. Again, such wages are very seldom used to the best advantage, they demoralize men and thus have a cumulative effect in the growth of evil. This Casual employment is one of the worst features of the sweating system. There is great danger of giving relief and yet not improving the conditions of the casual laborer. Advancing age must be taken as one of the causes of Casual labor, making it hard to get employment, and impairing the efficiency of man. What are the sources of data by which the members of the unemployed can be checked up? These are four in number;

- (1) Commercial and manufacturing activity;
- (2) Statistics;
- (3) Trade Union reports;
- (4) Record of pauperism.

In the question of unemployment and low wages seasonal fluctuations are important, i.e., spring and summer trades, such as building, outside painting, etc. This problem is generally met by a reduction of hours rather than a complete falling off of

employment, by the use of subsidiary trades, and by private or collective saving. The worst distress is always found in cases of unskilled labor.

The presence of women in the wage-earning class has done much to keep wages at a low level. Gradually, however, women have been conquering the belief that their wages should be so much inferior to men's. In the Middle Ages women worked in agriculture to nearly as great an extent as men, and from 1260 to 1702 women's wages in agriculture were about one half those of men. Roughly speaking the proportion was about two to one in favor of men in all industries. Now, there are relatively few women in agriculture, and their work is very different from that of the men, much of it being indoor labor. Nearly eighty percent of the employed women are in domestic service, textile fabrics or dress fabrics. There are also a great number of unoccupied women. There has been a rise in domestic servants' wages relatively to other employments. The fact of board being furnished here counts as an addition to real wages.

Why should women's wages be so low as compared with men's wages? There are several reasons for this. First, the field open to women is restricted as compared with that open to men; men can enter such trades as carpenters and miners. Until recently there was very little specialization of employment in favor of women, and this specialization came from a desired cheapness of labor. Again, there is an over-supply of woman-labor, because the poorer the mass of the people the more women there are seeking employment, and thus the lower the wages. The primary cause of low wages for women is their comparative

inefficiency due to many reasons; physical limitations, lack of trained skill, the temporary nature of the work, which is considered only a preliminary to marriage by most women, who therefore don't make any effort to equip themselves well. Again, tradition causes woman to be considered as man's inferior in general; and, even in equal work, this causes lower wages. Often women's wages are supplementary to another income and are only a by-product, and so are low. The economic forces are working for women, there is an increased demand for servants and a smaller supply. Again, the adoption of piece-work favors the equalization of women and men. The increase of education gives women new openings, such as the professions. Will the gain to women be a loss to men? In certain employments only a certain amount of work is required, -- such as lawyers or doctors -- and, if fees remained the same, the third-rate man would suffer. If the fees fell the public would gain, and the man on the margin would suffer most. In all other types of work the additional supply of goods should create additional demand for labor. This would cause an increase in efficiency. In economic, as in other departments of social life, the elevation of women has proved to be one of the chief factors and one of the best signs of progress.

The introduction of machinery has had a great effect on the wages question. But these radical changes come slowly and meet with resistance; e.g., expense, custom and vested interests. The law of continuity enters into the development of these changes, and it acts to the laborer's advantage in a two-fold manner:

- (1) An extended market;
- (2) An increased mobility of labor.

The introduction of machinery saved a great deal of labor, increased efficiency of the worker and thus raised the real wages.

Some of the effects of the introduction of machinery are as follows:

- (1) It causes a fall in price and thus increases real wages;
- (2) It increases productive power and this means increased capital and higher wages.

There are also evil results, such as;

- (1) It may increase toil and length and intensity of working day;
- (2) It causes great fluctuations in price in industries requiring large fixed capital, and hence uncertain wages and employment.

The division of labor is degrading by its constant repetition. Machinery does not deteriorate the mind although it doesn't develop it either, but a great deal of the worker's energy is saved for his spare time by the use of machinery. Some machinery is objectionable on the physical ground that it does harm by dust and poisons; and thus the use of machines leads to an increase in the quantity of labor, negatively by not developing the mind, positively by doing bodily harm. Although the use of machinery requires special technical skill in some cases, still, on the whole, less specialized skill is required than formerly. The division of labor simplifies it, and women and children can now accomplish what formerly required male labor. Yet, the making and repairing of machinery is a complicated task. Thus the division of labor caused by machinery has two tendencies;

- (1) Simplification of labor and loss of skill;
- (2) Elaboration of skill in some branches.

Again, machinery causes the concentration of labor and capital around manufacturing towns. Factories are increased in size

and transportation improved. How does this concentration of population affect wages? It necessitates a growth of higher morals, and the relations between employers and laborers may become a fight for supremacy. To this struggle, Trade Unions owe their birth. The Trade Unions attempt to set a steady all-sufficing wage, but the concentration of labor and capital prevent this. We should have floating labor as well as floating capital. Machinery has facilitated the means of transport, and, thus, a world market has been organized.

The important factor in the question of wages is the mobility of labor and capital, and the labor market is the least organized of all markets. International trade causes fluctuations in wages and prices, and the use of machinery has given rise to more sudden and extensive fluctuations. There is a great need of general technical education, and much could be accomplished by raising the standard of the workers' and the employers' morals. "The leaders of industry, if industry is ever to be led, are virtually the captains of the world, if there be no nobleness in them there will never be an aristocracy more." (Carlyle; "Past and Present.")

Closely allied with the question of unemployment is the question of the minimum wage. The state must protect large numbers of unskilled workers, who would have no chance in industrial bargaining, because they are unorganized. The state does this by the Minimum Wage law. The amount considered a minimum has varied from time to time, from a mere pittance to keep body and soul together, to the present standard. This limit depends on the standard of living to which the laborers have been accustomed, and may mean a vast step beyond mere subsistence. Yet, a large number

of unskilled laborers are not receiving enough wages for decent self-support. There is an almost entire absence of strong organization and collective bargaining among them. A great number of women who cannot move about on account of family ties, and so these occupations become over-crowded. Again, women are willing to accept low wages because they look on work as only temporary until marriage. The low class immigrant and the partially supported woman all help to keep the level low. Then there is no active competition among employers for low-paid labor, for there is a constant supply of the low-grade. There is also cut-throat competition among workers for the work. The employer gets slack and reduces cost of production by cutting wages.

Labor legislation can accomplish two things:

(1) By setting a barrier below which wages cannot fall, it lightens the poverty and prevents the degeneration of the poorly paid: But it cannot permanently maintain wages in any industry above the earning capacity of the workers, save at the expense of the public, including workers in other industries:

(2) By forcing employers to compete in efficiency of management, it constantly improves methods of production.

But what standard must be set, just provision for bare necessities, or for good of moral welfare? Should the individual or the family be the unit? There will probably be periods of unemployment, are they too to be considered? In the United States minimum labor legislation is concerned only with women and children, and the most helpless of sweated workers. In Austria the minimum wage means a living wage, men's wages provide for the family unit, women's wages do not. In England there is no standard, but wages must be up to the standard of the best employer in the district. Again, we must

consider the substandard workers, the children and the inexperienced, they get lower wages, and, as they cannot protect themselves, need extra protection from the state.

But what remedy can be offered for this problem of unemployment? In England in olden times they attempted to offset this problem by a series of Poor Laws offering relief to the needy and unemployed. Under these old Poor Laws the lax administration led to a demoralizing extension of poor relief, which, by 1834, had engulfed all rural England. The Act of Elizabeth provided relief for all the poor unable to work, but the able-bodied were to get to work, such work being provided by the parish. The Act of 1834, one of the first fruits of Benthamism, was based on two principles. First, on the principle of "all or nothing," i.e., an able-bodied man must get relief if he asked for it, but must go to the workhouse. He must be altogether dependant or not at all. The second principle was the one of "less eligibility," i.e., the state of the inmates of the workhouses should be made less desirable than that of the poorest independent workman. The Act of 1834 introduced a much needed uniformity, although much of this was frustrated by the neglect of guardians. In 1871 the Poor Law Board was merged into the local Government Board. Since 1834 there has been no general revision of the Poor Law. But what was the result of this Poor Law on rural districts? Here it achieved its purpose, and was followed by the migration of surplus population elsewhere. What were its effects on urban and industrial districts? It was really framed for the country and met with violent resistance in urban centres. The agitation spread widely but failed, and was soon forgotten in the years following factory reform and the



repeal of the Corn Laws. The remedies of the past may be summed up as follows:

- (1) Relief in workhouse;
- (2) Relief of family outside of workhouse if head of family entered workhouse;
- (3) Outdoor relief subject to performance of labor test;
- (4) Outdoor relief without labor test in cases of sudden great necessity;
- (5) Relief in Casual work.

But what is attempted in solution of this problem today? The Municipal Relief Works offer work of proper kinds to be given to the respectable unemployed. Again, there are certain charitable funds to meet emergency cases. What are the defects of this kind of unemployment relief? First, there is only an imperfect separation of good characters and loafers. There is the possibility of fixing the rate of pay too high. The remedy for these problems lies partly with labor itself; the first step being organization of labor. Workers ought to be compelled to insure against unemployment and old age. There are three kinds of Workmen's Insurance:

- (1) Voluntary Insurance, state administered;
- (2) Compulsory Insurance, state administered;
- (3) Trade Union Unemployment Insurance, under state guidance.

Again, all workmen have the right to compensation for injuries received at work. This compensation may be of several kinds, embracing, insurance for all accidents, for the negligence of the employer, or a personal liability of the employer, or it may be guaranteed by the state. The first kind is preferable; i.e., for all accidents, because it would bring about a maximum of safety devices. The compensation would be more secure and the

payment more impersonal. The Unemployed Workmen Act came into existence in 1905. By this Act, for each district of more than 50,000 population, a relief committee was formed. The work of this committee was to aid emigration, or to aid migration to another area, and to provide temporary work. But of what value is this temporary work? Beveridge says of this temporary relief from unemployment:

"Yet while this quicksand and its movements are part of industry, society cannot escape some responsibility for those who live there, cannot treat as criminals those whose industrial services are there required, cannot end the evil by rescuing individuals." (Beveridge; "Unemployment," - p. 149).

The laboring classes have always been at a great disadvantage compared with their employers in their relative bargaining strength. The main reason for this is that it is much easier for the comparatively few powerful capitalists to combine and organize than for the vast numbers of down-trodden workers. The distress is particularly felt among the unskilled laborers. The employer is better protected than the laborer because he can wait, and the laborer cannot. Again, he can do without the individual worker, but the individual worker cannot manage without a livelihood. "In the long run the workman may be as necessary to his master as the master is to him, but the necessity is not so immediate." (Adam Smith; "Wealth of Nations:" Vol. I, p. 73). Then the employer is familiar with the conditions of the market, and this gives him an advantage over the worker. This problem is partly met today by the development of the Trade Unions, organizations of workers. These arose from the necessity of protecting the interests of the workmen; and their primary object is to establish a standard all-sufficing rate of wages, or, more generally stated, their object is to "diminish the quantity of labor, to increase the real reward, and to strengthen the power of the men compared with that of the masters in making bargains." (Nicholson; "Principles of Political Economy:" Vol. I, p. 383).

Let us consider the various conditions the unskilled laborer has had to face. First, there was complete slavery, i.e., complete subjection to the master's will. Then serfdom,

or compulsory labor, was developed. Apprenticeship, or the binding of an apprentice to a master for seven years to learn a trade, was the next step. Another form of servile labor was peonage, or compulsory service, and indentured service next appeared, that was a form of slavery but the laborer had the right to make some kind of contract. Closely allied with this was contract labor, by which the laborer could be compelled to work for a certain number of years. This type of labor is still to be found in some parts of the Hawaiian Islands and in South Africa. The remedy for it is found under better education. The padrone system is where a contract is made by the leader of a gang, and is still existent among the lower races. Again, it used to be legal to imprison a person for debt but this is not true of today.

Thus we see that the condition of the unskilled worker today is much better than under these schemes of labor in the olden days. But many a laborer today is not receiving a wage sufficient to keep him respectably alive. It is difficult to set a standard by which the minimum wage may be set, and one of the chief problems of the Trade Unions is to fix a standard living wage. We have seen that the individual worker had no chance in his own individual bargaining with his employer, and so the only way to secure proper attention was to combine forces and demands with those of other workmen, and use collective bargaining.

It was this grouping together of various workers in the same trade to protect their rights that led to the formation of Trade Unions. As the Industrial Revolution progressed, it led to the congregation of large numbers of workers in factory

towns, and this facilitated discussion and the realisation of common class interests, and the ventilation of common grievances, from which there naturally sprang combinations and insistence on collective bargaining.

For a time, in England, the attempt was made to put down Trade Unions of workmen by enforcing and strengthening the old mediaeval Combination Laws. But the political power of labor grew with the extension of the franchise, and now for at least half a century, laborers have enjoyed the power of collective bargaining. Collective bargaining is essential to Unionism as individualism is its worse enemy. The aim of Trade Unionism, as already observed, is to protect and better the conditions of the working classes. Trade Unions keep workers well-informed and are great teachers of political thought. Again, the insurance carried by Trade Unions, e.g., Old Age Insurance, and Insurance for Injury, Sickness and Unemployment, is of great value. The policy of Trade Unions is the persecution of non-unionists, and yet they cannot force union on all the people. They have, until recently, excluded women altogether or else have been unreasonably restrictive in respect of women.

But what of the structure of Trade Unions? This question is the central problem of the labor movement. There are three types of Unionism. First, "Craft-Unionism," which unites the workers who are engaged in a single industrial process. Secondly, "Occupational Unionism" unites all workers on groups of kindred processes. Lastly, "Industrial Unionism" follows the lines of the actual structure of industry. Is the amalgamation of Unions into one big Union necessary, wouldn't federation do? In Great Britain there are three bodies in the labor movement;

- (1) The Trade Union;
- (2) The General Federation of Unions;
- (3) The labor Party.

What of the future of Trade Unionism? It attempts to raise the standard of life, and to substitute democracy for autocracy in the shop. It must fight sham peace and fight for real peace, and must get into partnership with the state not in opposition to it. "The sooner the Trade Unionism of today finds itself, becomes its own master, the sooner it will be in a position to reap the benefits of its existence. It will then need fewer friends to champion it before the community. It will have fewer enemies to oppose its legitimate purposes. The future of unionism lies in its own hands." (Groat; "Organized Labor in America," p. 316).

But what of the next step beyond Trade Unionism, Socialism? Will the laborer stop at the control of industry or will he desire the rule of society? Just what is embraced within the term Socialism? Nicholson defined it as follows; "Socialism embraces all such schemes as are intended to further the claims of society for social purposes as against the present system of individualism, or to promote the interests of the whole as against particular classes and individuals, the object of all such schemes being directly or indirectly revolutionary as distinct from mere reforms of the present system." (Nicholson; "Elements of Political Economy," p. 123).

Let us trace the development of Socialism in England. From 1800 - 1880 there was a blank in English Socialism, and this was due to many causes. The failure of the French Revolution in Europe, and of Chartistism in England brought a disappointment, and

revolutionary policies lost their charm. Again, the general industrial situation improved, the nation's industrial structure was strengthened, and there was an abundant supply of precious metals from 1850 onward. Another important change was the removal of restrictions on trade, and the working classes turned from political to economic associations, and Friendly Societies and Trade Unions developed. There was a profound trade depression from 1884 to 1886. During this time there was the birth of a new unionism, and a growth of corporate life among industries hitherto unorganized. Karl Marx exercised a great influence over the English working classes. This influence was due to the fact that he based his appeal on history, and that he offered a science of evolution. He was neither an anarchist nor a bolshevik, and his appeal was an international one. His theory of Surplus Value became world famous. Henry George, called the father of single Taxers, contributed his doctrine of appropriation of rent by taxation. Marx, with his theory of Surplus Value, supplied the argument for the abolition of profit; and George, with his plan of taxation, the argument for the abolition of rent.

The Fabian Society established 1883 moulded the thought of the Socialist Revival. There were three phases of its development. From the publication of the Fabian Essays in 1889 to 1900 the ground-work of Collectivism was set out. From 1900 to 1911 the programme was amplified, and from 1911 onward there was a general reaction against the bureaucratic element in the programme. Let us consider the growth of the Labor Party. Down to 1914 the Independent Labor Party was the force of the Labor Party, but after the war of 1914 the Independent Labor Party became an anti-war organization. Before

1914 the individual was admitted to the Labor Party only as a member of an affiliated body such as:

- (1) Trade Unions;
- (2) Socialist Societies;
- (3) Local Labor Committees;
- (4) Cooperative Societies.

But by 1918 there was a decisive change. The Labor Party gave official recognition to brain-workers as well as to manual ones, and individual allegiance became direct.

How do English and Continental Socialism compare?

There is a bifurcation of Socialistic thought, one side revolutionary or Marxist, the other Fabian or reformist, and this is true of both English and Continental Socialism. The progress of Socialism in democratic countries, such as England and France, is very different from that in autocratic lands like Germany and Austria. England is the home of Trade Unionism, which governs Socialism. The modern Labor movement began in England and passed to State Socialism. Although this Social Party is more socialistic than in any other country in Europe, it calls itself the Labor Party and not Socialist or Social Democratic Party. The Socialistic movement in Germany developed on opposite lines. It began with Marx who disliked all co-operative movements. But most of the Social Democratic Party abandoned these tactics and built up strength within the shelter of Trade Unions and Cooperative Stores.



What are the various forms of industrial disputes among employers and their employees? There are several of these, the Strike, the Closed Shop, the Lockout and the Boycott. Let us consider the exact definitions of each of these terms. A Strike means the cessation of work by a body of employees acting in combination, or a concerted refusal to continue to work for an employer in consequence of a dispute, done as a means of compelling their employer, or to aid other employees in compelling their employer, to accept terms of employment. We can divide Strikes into four classes according to their aims. First, the Political General Strike aims at a specific reform which it calls on the Legislature to pass into law. Again, there is the Anti-Militaristic Strike, a strike against war. Thirdly comes the Economic General Strike which aims at gaining some concession from the employers, such as an eight hour day. The Social General Strike aims at the complete overthrow of capitalist society and the substitution of a new order.

There are two different kinds of Strikes depending on who takes the initiative. It is called an Attack-Strike when the employees make the first move, and a Defense-Strike when the employer takes the initiative in making some changes. As Trade Unions become more powerful Strikes will be less frequent.

The question of the Closed Shop or Open Shop is left to the employer's choice. A Closed Shop means a shop where only union men are employed, and Open Shop is free to all workers. Should all shops be unionized? Can an employer deny a good workman employment just because he is non-unionist?

The Lockout means the closing of a place of employment or a suspension of work, or a refusal by an employer to continue to employ any number of his employees in consequence of a dispute done with a view to compelling his employees, or to aid another employer in compelling his employees, to accept terms of employment. By Boycotting we mean the suspension of business relations either in buying or selling, and thus injuring a trade.

If an industrial dispute occurs what is the best means of settling it? The two chief methods are Conciliation and Arbitration. In Conciliation, a Board of representatives of employers and employees meet and discuss the question, and attempt to arrive at a suitable decision. This method is of course much easier when covering small areas than larger ones. But, even with the best intentions, there must often be some differences of opinion which cannot be removed by discussion. This is the case for Arbitration, where an impartial arbitrator or board of arbitrators must be called in, given the facts of the dispute, and called upon to render a decision. Arbitration may be voluntary on the part of the parties concerned, or compulsory on the part of the state, with state boards for arbitrators. Arbitration is generally used only after Conciliation has failed to achieve its purpose. Conciliation is a powerful means of education of both the working classes and the employers, and the employers gain sympathy and knowledge through it. Conciliation that is just disguised Arbitration is the best type.

Let us consider the fundamental difference between the Minimum Wage laws and the Arbitration laws. Firstly, the

scope of the Minimum Wage laws is not so wide as that of the Arbitration laws. Secondly, Strikes for wages higher than the declared legal minimum are allowed under the former, as well as Strikes on all points not settled by the Boards. Again, the Wages Boards must regulate the industries with which they are respectively concerned; whereas, under the Arbitration laws, an industry may regulate itself without any case coming before the Arbitration tribunal. We will now follow the working out of these methods of Arbitration and Conciliation in different countries.

#### Australasia.

What of Arbitration and Conciliation in Australasia? To the extent to which the wage is arrived at by Conciliation, the need of a definite principle disappears; but to the extent to which it is arrived at by Arbitration, that need is always present. If based on one principle that principle must be elastic and general even to vagueness. In Australasia that principle is "to keep wages at the highest possible level." This was attempted by Conciliation, but that method failed; it became necessary to raise the wages in six sweated trades, so Wages Boards were formed. In Australasia compulsory Arbitration is the rule, and Strikes and Lockouts are illegal. The directions for the guidance of these Boards are forces which determine the relative market values of different kinds of labor, e.g.:

- (1) Nature of work;
- (2) Manner in which accomplished;
- (3) Age and sex of workers;
- (4) Place of work;

- (5) Hours of work;
- (6) Number of days consecutive labor;
- (7) Casual or steady labor;
- (8) Recognized custom in work.

The Arbitration system and the Wages Board system agree, i.e., they tend to keep wages a little higher than the market value for the protection of labor. Although the Wages Board seems lax in legislation yet the system has safeguards. It keeps the control of a trade mainly in the hands of its own members. The system seems to be a compromise between a system of voluntary Conciliation Boards with legal enforcements, and a compulsory Arbitration system. It is impossible to formulate a principle which would include all grades of labor.

The functions of the Wages Board are to abolish the sweating system, raise wages, and to regulate the supply and conditions of labor to the expansion of industry. The deeper the depression and the larger the supply of labor in a trade the more harmful is the introduction of a legal rate. In times of depression the employer has no resources to help salaries, and those who cannot earn the minimum wage must drop out or take less.

"Is the Minimum Wage an instrument for the protection of the weak, or is it an instrument for the survival of the fittest?" (Rankin; "Arbitration and Conciliation in Australasia;" p. 73). The influence of the Wages Board on wages depends on whether it determines a rise in the standard of wages, or a levelling process by which the wages of certain workers are raised to those of more competent laborers. The Wages Board affects the poorest wages first. What is the ultimate effect on

the competent workers? That effect depends on the scarcity of and the competition for their services. An artificial rise in wages may be met from three sources. First, by the reduction of wages to one level, or by the increased use of juvenile or female labor. Secondly, by profits, an evidence of restriction of industry, and, lastly, by a rise in price to the consumer. However, the evidence is that, on the whole, the increased cost of production owing to the Wages Boards has not been met by a rise in price to the consumer.

Some restriction of juvenile labor is necessary, for such restriction ensures employment to the adult and proper training to the child for future employment. Since the enforcement of the Minimum Wage there has been an increase in juvenile labor, but no increase in efficient adult labor. Deterioration is not the only cause that prevents persons earning the Minimum Wage. These causes also enter in:

- (1) Minimum Wage rate may be so high that it may be beyond the competency of the average worker to earn it;
- (2) Rate of Minimum Wage may be too high to permit of time spent in teaching juveniles;
- (3) Apprenticeship may not be long enough to permit the necessary efficiency to be acquired;
- (4) Minimum Wage system and assured rate may have produced lack of application on part of apprentices. The Government shouldn't merely follow Trade Union ideals, they have the good of the workers at heart, not the progress of industry. The Minimum Wage system requires a high standard of efficiency, yet it produces a low one. The state says a certain wage must be paid; then it is its duty

to produce men who can earn it. This is not the duty of the employer.

The history of the Arbitration Act in Australasia may be divided into three periods. First, from 1894 to 1900: during this time the Arbitration Court was occupied in raising wages and granting concessions, so labor was satisfied. From 1900 to 1906 the Court declared that the rise in wages and the concessions must be checked, so labor was dissatisfied. Lastly, from 1906-1912 there was open rebellion by labor against the Act, and organized help from the employers to uphold it. The error in compulsory Arbitration lies in the supposition that the action of the state should be the same regarding both the sweating system and strikes.

The state may regulate and facilitate collective bargaining by:

- (1) Enforcing order and non-interference with individual liberty;
- (2) Encouraging and instituting methods of peaceful settlement;
- (3) Holding violation of settlements by unions as illegal;
- (4) Prohibiting holding up of industry.

Any good which has been brought about in the relations of employers and employed has been due to Conciliation, any evil to compulsion.

Judge Williams, first President of the New Zealand Arbitration Court, said in a letter to "The Times":-

"The duty of the courts is to pronounce such an award as will enable the particular trade to be carried on, and not to impose such conditions as would make it better for the employer to close his works, or for the workmen to cease working rather than conform to them."

Canada.

But how are industrial disputes settled in Canada?

It was not until 1900 that Canada had a Department of Labor for the collection and publication of labor statistics. Under the Industrial Disputes Investigation Act of 1907 this governmental department has successfully promoted Conciliation between employers and employees throughout Canada. The terms of the Act are as follows. If any dispute arises between an employer and his employees either of the parties may appeal to the Minister of Labor for the appointment of a Board of Conciliation and Investigation, to which Board the dispute may be referred. Every Board shall consist of three members appointed by the Minister as follows; one on the recommendation of the employer, one on the recommendation of the employees, and the third on the recommendation of the members chosen. If a settlement of the dispute is arrived at by the parties during the course of its reference to the Board, such settlement shall be as binding as if made by the Board. If such a settlement is not arrived at, the Board shall make a report with a recommendation for the settlement of the dispute. It is illegal to hold a strike or lockout prior to, or pending a report by the Board. The relations of the parties must remain unchanged pending proceedings before a Board. But after such a Board's report both parties are free to accept or reject the award. There is a division between industries of immediate public interest and those of private interest, only the ones of public interest coming under the statute. Thus the principles of the Industrial Disputes Investigation Act are:- compulsory investigation, reliance on public opinion as a

court of final appeal, and additional coercion in the prohibition of strike or lockout pending investigation.

The Act was declared "ultra vires" of the Federal Parliament on January 20, 1925 by the Privy Council, on an appeal by the Toronto Electric Commissioners. The initial step in dealing with this decision has been taken by the Minister of Labor, by the introduction of a Bill in the House of Commons to amend the Industrial Disputes Investigation Act. This Bill became law on June 12, 1925. Industries subject to federal regulation are to remain under the Act, and industries located in one Province but which concern Canada generally are to be included in it. Again, any dispute of national emergency may be declared by the Governor-in-Council to be within the statute. Any province, if it chooses, may take advantage of the federal machinery. A short time ago the Legislature of British Columbia passed an Act making the provisions of the Industrial Disputes Investigation Act applicable to industrial disputes which are within the exclusive jurisdiction of that province. Similar legislation has been introduced in the Legislature of Saskatchewan, and the provinces of Alberta and Manitoba and Nova Scotia also have such legislation under consideration.



The labor contract varies from others in that, as Marshall says, the seller of labor must deliver it himself, and thus the environment is a matter of vital importance. "It matters nothing to the seller of bricks whether they are to be used in building a palace or a sewer, but it matters a great deal to the seller of labor, who undertakes to perform a task of given difficulty, whether or not the place in which it is to be done is a wholesome and a pleasant one, and whether or not his associates will be such as he cares to have." (Marshall; "Principles of Economics," p. 566).

There have in the course of history been great changes in the economic and social position of the laborer, and in the customs and laws governing labor. It used to be legal to own slaves and make use of various forms of slave labor, and later, in England, the system of villeinage or serfdom prevailed, under which the laborer was bound to the soil and much of his time was spent in compulsory labor for the lord of the manor in exchange for the right to cultivate his villein holding. But now all labor in civilized countries is free. Politically the basis of the Labor Law is as follows. The law interferes insofar as to lay down the powers of the government or the public powers. It designates these powers as:

- (1) Power to preserve the peace;
- (2) Taxing power;
- (3) Power of guardianship;
- (4) Eminent domain or state-ownership;

(5) Power of police;

(6) Power of commerce.

It lays down what powers shall be granted to the Judiciary, the Executive, and the Legislature of the state. This aspect of the Labor Law is based on two principles, the Principle of Public Benefit and the Principle of Equal Protection of Laws.

What are the changes in Industrial Bargaining? Let us consider the laborer as a debtor. There has been a change in relations from that of master and servant to that of employer and employee. It is no longer legal to imprison for debt. A certain amount of wages is exempted from the right of garnishee, and the tools of livelihood are exempted from seizure, and, in the United States, there is a homestead exemption. Workers are prevented from assigning away their future wages. Now take the case of the laborer as a creditor. The time of payment of wages, the place of payment, the basis and the medium of payment must all be clearly drawn up. Truck or credit at Company Stores in lieu of money wages is now prohibited. Certain deductions from wages are allowed such as, fines, damages, a charge for the use of tools and materials, and benefits. What protection does the laborer as a competitor receive? In the United States he receives protection against the lowest class of immigrants by the exclusion of Orientals and the literacy test. This test guards against Asiatics. The attempt at protection against convict labor has enjoyed no success. What legal aid does the laborer receive? There is private aid, charity, and public aid backed by the Industrial Courts.



The question of Collective Bargaining is an important

one. It is real Collective Bargaining only when each side is aware of the strength of the other. Restrictions on the weapons of trade disputes are limitations on the abuse of the right to bargain collectively. Each side should be allowed complete freedom to combine. What methods of settlement are there for industrial disputes?

- (1) Mediation or Conciliation;
- (2) Voluntary Arbitration;
- (3) Compulsory Investigation;
- (4) Compulsory Arbitration.

Another question the state must consider is that of the Minimum Wage. It must help the unskilled workers who cannot help themselves. Many of these are vastly underpaid, and do not earn, or at least do not receive, a respectable livelihood. There is practically no organization among these workers, and the lack of combination and of the power of Collective Bargaining on the part of the workers is an important factor in the low wage scale. State legislation can relieve this by setting a point above which wages must remain, and it may cause employers to compete in efficiency of management, and thus improve the methods of production. But what standard should be followed, one which will provide mere subsistence or one of comfort? Should the individual or the family be the unit? There are many problems such as these to be solved.

But how does the state attempt to regulate these wages? A few states have flat-rate laws, but this is not a good method for it prevents an adjustment for different industries. Great Britain has a Wages-Board to adjust the wages; it suggests certain principles and presents them to the Board of Trade which

makes the decisions. In America the system is regulated by Commissions which control all industries.

What are the various results of this state-regulated wage-system? What are the changes in the wage-rates? These Minimum Wage Laws have raised the wages of the unskilled laborer and enabled him to live in a state of decency, and yet the current wages, i.e., the wages received by persons whose earning capacity is above the minimum, are not held down by these laws. What is the effect on the question of unemployment? It is argued that the poor workers will force out the better workers for lower wages, but investigation shows this to be generally untrue. Again, employers say that the Minimum Wage Laws will force them out of business, but this has been proved false by investigation. Trade Unionism has not been hindered by Minimum Wage legislation. Are Minimum Wage Laws a legitimate extension of the police power of the state? They are sought on the ground of protective legislation. If the state does not protect the unskilled laborer, who will? Certainly not the individual capitalist who is looking out for his own interests only.

The law of diminishing return operates in the question of hours of labor. Shorter hours mean more efficient work. The first legislation restricting hours of labor was for children, next for women, and men have comparatively little legislation. Women and children are prohibited night-work and work in certain industries. The laws covering the annual vacation only affect public offices so far.

The problem of unemployment is met in two ways. First,

by Private Employment Offices, where there are many abuses such as misrepresentation of wages and conditions, exorbitant fees, etc. There is restrictive legislation on these offices. The second method is by Public Employment Exchanges formed of state and municipal offices. These Exchanges promote the mobility of labor, and they are valuable in the operation of a system of Unemployment Insurance. They carry on emergency work and adjust the regular work. The state tries to eliminate Casual work.

The prevention of industrial accidents and diseases is too important to be left to individuals. What are the legislative activities governing this question? First comes the necessity of reporting all accidents and all cases of occupational disease from gases, poisons, etc. Next is the prohibition of certain employments to women and children, and of the use of certain machinery to men; also the age requirements, physical and educational requirements for children. There must be a regulation of safe-guards, e.g.-- fire-escapes, dust and fume removers, ventilation and fencing machinery.

Again, the state advocates insurance against accidents, ill-health and old age. Social Insurance is an administrative problem. Good schemes of Social Insurance distribute the burden of expense between employer, employee and state. Solidarity is the goal of Labor Legislation where "an injury to one is the concern of all." (Commons and Andrews; "Principles of Labor Legislation").

But if so much can be accomplished by separate state legislation what might not be gained by International Labor Legislation? There are two conflicting movements in the question

of International Legislation, the spirit of jealous nationalism and the spirit of internationalism. Should the regulation of industrial questions be international for the benefit of all countries, or purely national for a nation's own interest?

What other alternatives are there? There might be International Labor Legislation except that there would be no interference re production. A country might protect itself by raising a high tariff against imports, but this procedure causes unfriendly feelings. The International Trade Union always favored a world-wide labor movement. What are the criticisms of this international solution?

- (1) Absolute uniformity is not desirable;
- (2) International regulation seems impracticable;
- (3) Employers object to submitting to restrictions that do not directly affect their interests, but are forced upon them on account of some other employers' interests;
- (4) Workers object to the minimum standard as based on the poorest land.

The success of International Legislation depends on the interest of the various states, but the function of the International Labor Organization would be to guard its principles with the coordination of all nations, and help to bring forth a national and international order.

A general conference of representatives from the nations was called at Washington on October 29, 1919, for the purpose of considering the advisability of International Labor Legislation. This conference consisted of two parts, a general body with legislative functions composed of representatives of member states,

and an International Labor Office with executive duties. Each member state sent four representatives, two representing the government, one representing the employers, and one for the workers; the last two being appointed by the government. This conference was planned to be part of the League of Nations at Geneva, and in 1920 the International Labor Office, as inaugurated at Washington, was given a permanent seat in the League. The International Labor Office has no compulsory powers. If there is any complaint it can be appealed to the International Court which is a permanent part of the League. If the nation is still unruly economic powers such as boycotting can be exercised by the other countries, and if the nation is still unsubdued armed forces may be used against her. But any nation is free to accept or reject the enactments of the League in the first place. The International Labor Organization, while really a part of the League and subordinate to it, enjoys almost complete freedom. Except with regard to sanctions the Organization is self-contained and self-sufficient. The League provides the funds for the Labor Organization and has the right to audit its accounts, but cannot prescribe the forms of expenditure. The functions of the International Labor Office are to collect and distribute information "on all subjects relating to international adjustment of conditions of industrial life." (Hetherington; "International Labor Legislation"). It also undertakes all work for the annual conferences. Neither the League of Nations nor the International Labor Office would gain by separation, both need mutual support and reinforcement.

The Washington Conference accomplished a great deal

in respect of universal hours of labor, unemployment and regulation of woman and child labor. The next step remains with the governments. But there are two problems here, the duration of each delegate's term of office, and the amount of authority to be invested in the delegates. There are two things imperative to the success of the Conference: full and exact information as to implications of any suggested legislation, and the Conference should abide by its brief. The greatest enemy of International Labor Legislation will be impatience, we cannot alter the economical and industrial fabric of the world.

"The power of the ideal to draw to itself the regard and devotion of men is immeasurably enhanced when it is 'made flesh and dwells among us.'" (Hetherington; "International Labor Legislation," p. 112). Therein lies the significance of the Labor Organization and the League of Nations.



### Conclusion.

The conditions under which the present-day-worker toils are vastly different from those endured by his early forefathers.

The position of the laborer has advanced, gradually, from complete slavery to his present position of freedom. Consider the advancement the Wages-System has made from its humble state of payment in kind, to the various forms of wages which the worker enjoys today, the time-wage, the piece-wage, the task-wage and the progressive wage. The Government has established Public Employment Offices which, in conjunction with Private Employment Offices, attempt to deal with the problem of unemployment.

One of the greatest advantages that the laborer has secured is the organization of Trade Unions;- organizations that, in their collective bargaining strength, support the worker in his weakest position;- the ineffectiveness of his bargaining strength as compared with that of his employer. The forms of industrial disputes have changed, and the methods of settlement of these disputes have also changed from riots and disorder to peaceful settlement by Arbitration or Conciliation.

Again, governments are playing an important part by passing laws to protect the worker. This labor legislation fills a great need, and has become universal. Perhaps the greatest advancement of the labor problem, however, is the attempt at international labor legislation. Here, nationalism and internationalism will clash, but each attempt is a step

upward. We have already seen the establishment of an International Labor Office, to deal with international labor legislation, at Geneva, the seat of the League of Nations. Time alone will prove the wisdom of this attempt, and only the future can disclose what further concessions the laborer will secure in his struggle for adequate wages.

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