

THE TYRANNY OF SOCIALISM

"Socialism—that is the State substituting itself for individual liberty, and growing to be the most terrible of tyrants"

LEDRU-ROLLIN, *12th Sept.*, 1848

BY

YVES GUYOT

EX-MINISTER OF PUBLIC WORKS OF FRANCE

EDITED, WITH AN INTRODUCTION,

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CITY OF LONDON COLLEGE



LONDON

SWAN SONNENSCHN & CO.

NEW YORK: CHARLES SCRIBNER'S SONS

1894

42785

HX 266
.G93

Con. 10-11-02.

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BOOK II.

SOCIALISTIC SOPHISMS.

Having demonstrated that the Socialist programme, so far from being an advance, only represents a retrograde movement towards earlier and inferior types of civilisation, it remains for us to ask, by the aid of what sophisms, by what erroneous methods can the authors of this programme so present it as to win disciples who rally round it with a fierce and jealous passion.

We shall take the enumeration of these sophisms from the declaration of principles of the Gotha and Erfurt Congresses, which we stated above, so that we cannot be accused of misstating Socialist ideas in order to refute them the more easily. We are, nevertheless, obliged to add to these a few of the maxims, more or less explicitly borrowed from the French Socialists of 1848, which have come to be current arguments.

CHAPTER I.

LABOUR AND WEALTH.

Borrowed from M. de Saint-Cricq—Confusion—Labour only a Means—The Law of Least Effort—Definition of Capital—Fixed Capital and Circulating Capital—Definition of Value.

At the head of the Gotha programme we find this sentence:

“Labour is the source of all wealth and all civilisa-

tion, and as labour which is profitable to all is only made possible by society. . . .”

This sentence seems to be taken from the protectionist vocabulary, and more particularly from that of M. de Saint-Cricq: “Labour constitutes the wealth of a people.” The Protectionists of the Restoration, like those of our own day, make the same mistake as though they were confusing implements with production. If labour constituted the wealth of a nation it would suffice to create labour for labour’s sake, and we should increase our wealth indefinitely. Now, the facts of every-day life show that the most earnest labour may be unproductive; and, far from enriching him who devotes himself to it, it may leave him ruined and exhausted. Labour represents effort: and *the Law of Least Effort*, true in economic as in linguistic matters, impels man to use his labour in order, in the long run, to lessen it. If he constructs implements, boats, highways, bridges, it is because, this considerable effort once accomplished—and it grows more and more considerable, as the powerful implements of our day prove—he can obtain a certain number of services with more ease. And what are these implements, from the stone, the hatchet, and the hammer, down to the most perfect apparatus, if they are not capital?

Capital is man *plus* all the natural agents which he has bent to his use. We say, in contradiction to certain economists, who make a special capital of the soil: Capital is every utility appropriated by man.

Further, we distinguish two kinds of Capital. One kind, like a house a field, a hammer, a plough, a ship,

etc., can only be of service to us upon condition of remaining a house, field, hammer, etc., by not changing in character.

The other, on the contrary, like coal for him who has a hearth to warm, corn for the miller, flour for the baker—in a word, all raw materials, including those foods which constitute fuel for man, are only useful to those who employ them, upon condition of their transformation. In the same way produce for the manufacturer, and for the merchant, are of no utility to him except upon condition of its being converted into money, or other value.

There are then, two sorts of capital: *Fixed capital is all things useful the productive use of which does not change their character. Circulating capital is all things useful the productive use of which changes their character.* In other words: *Fixed capital consists in implements. Circulating capital consists in raw materials and their products.*¹

And what is value? *It is the relation of the utility possessed by one individual to the needs of another individual.*

¹ See Menier's *Impôt sur le Capital*, and Yves Guyot's *La Science Économique*. Money is also circulating capital.—This inclusion of money as circulating capital seems to me to break down the definition; for money is clearly an implement for effecting exchanges, and serves its purpose by not changing its character.—ED.

CHAPTER II.

ON THE LIMITS OF COLLECTIVIST SOCIETY.

Society—What is it?—Does it Include all Mankind?—To what Groups do the Programmes of the Collectivists apply?

THE Gotha Programme says: "As labour which is profitable to all is only made possible by society, the general produce of labour should belong to society, that is to say, to all of its members, all being under an obligation to work."

Society? but what constitutes society? What is this society? Does it include all mankind? According to the Socialist formula one ought to believe so: "The enfranchisement of labour necessitates the transmission of the implements of labour of the whole of society. . ." The whole of society, be it understood; and, in fact, we *must* deal with the whole of society, because otherwise some will be disinherited of their share of the common good—there will be some privileged and some plundered.

But, then this organisation will encompass the wandering Mongol of the Gobi desert, the inhabitants of Terra del Fuego, the Touareg of the Sahara, the negroes of Central Africa, and the Papuans of New

Guinea. All these will have their share in the distribution of "the general produce of labour."

If the Socialist pretends that I make him talk absurdities, I answer that I have put to his account only that which I have borrowed from him, and that the logical interpretation of his text is really that which I give it. I grant that the ambition of the Gotha Socialists may be more modest, and that they used the word "Society" only out of hypocrisy, so as not to make use of the word "State." But I put this question to them: What is this "Society" of which you speak? Is it a geographical and political expression used to designate a group of human beings, whose members and positions on the map of the world have been determined by the fortunes of war? Is Germany a homogeneous society to your Collectivist apprehension, in spite of the particularist traditions of its provinces? Are you going to construct a Collectivist society in Austria, with its Germans, Hungarians, Tchechs, and Poles? Will Denmark constitute a Collectivist society? And Russia, along the vast extent of her frontiers, from the Behring Straits to the Baltic, should she too undertake "to impose his task upon each of her 113 millions of inhabitants," and to give him afterwards "a sufficient portion for the satisfaction of his reasonable needs."

This problem, which the Socialists of Gotha and Erfurt, as well as those of France, abstain from tackling, is, however, worth the trouble of considering; because, though Communism is possible for a convent, it becomes quite another question when it is a case of

applying it to millions and millions of beings, having neither the same degree of civilisation, nor the same habits, nor the same ideas of life.

In passing, we point out these slight difficulties, but we are well aware that they will not arrest the fanatics of Collectivism.

CHAPTER III.

THE LAW OF SUPPLY AND DEMAND.

Repeal of the Law of Supply and Demand—Newton's Responsibility—Definition of the Law of Supply and Demand—Its Universality—Its Application to Labour—Labour is Merchandise—Strikes and the Monopoly of Labour—The Law of Supply and Demand in Relation to Labour, according to Cobden.

IN the eyes of the Collectivist, these difficulties are evidently matters which may be passed over in silence, so far as regards the goal which they are striving to reach—the suppression of the Law of Supply and Demand.

One day, at an electoral assembly, some one bitterly reproached me with being a supporter of this law. He imagined, honest man, that this law is inscribed in the Statute Book, and that I had voted for it. I thought that he was alone in this idea until lately, when in talking about this law to several Socialists, one of them said to me: Well, then, you decline to repeal this abominable law!

From these two cases I am obliged to conclude that not only ignorance of economic principles, but even of the idea of a scientific law, is much greater than I had imagined it to be; a discovery which should

make us full of indulgence towards the mistakes which we hear uttered every day, but which gives us at the same time the right to invite those who speak with such contempt of "vile economists," and advocate with so much assurance plans for social upheaval, to begin by learning the A B C of the questions with which they deal.

The Law of Supply and Demand was not promulgated in any code. Its power comes from elsewhere. It imposes itself upon mankind in as implacable a way as hunger and thirst. We furnish fresh demonstrations of its truth, whether willingly or not, even while we imagine ourselves to be violating it. If the Socialist excommunicates and abuses the economist, who formulates this law, he should also hold Newton responsible for all the tiles that fall on the heads of passers-by, and should declare that if some poor wretch, in throwing himself from a window, kills himself, it is the fault of those physicists who have discovered and taught the law of gravitation.

As there are still so many who ignore the Law of Supply and Demand, it is useful to recall it. *Supply is the desire of an individual to procure for himself a commodity in exchange for one of another kind which he already possesses. Demand is the desire, in conjunction with the means of purchase, to procure for oneself some kind of commodity. The value of a utility is in inverse ratio to the supply, and in direct ratio to the demand.* When there is a greater supply of a certain kind of merchandise than demand for that same kind of merchandise, prices fall. They rise in the opposite case.

I ask of the Socialist, who wishes to repeal the Law of Supply and Demand, if he can name a case which contradicts it. When he has seen corn, wine, wood, or machines offered in greater quantities than the consumers require, has he seen prices go up or down?

What do Protectionists do when they demand customs duties to hinder such or such a product crossing the frontier? They perform an act of fidelity towards the Law of Supply and Demand. Their aim is to lessen the supply,¹ so they raise the price of those things which they wish to exclude.

It is fine of you Socialists to abuse the Law of Supply and Demand. Not only do you apply it every day of your life, to the purchases which are necessary to your existence, when you bargain for your wine, your bread, your meat, your house, and your clothing; but you also apply it when you are the seller, instead of the buyer.

SOCIALIST.—Come now! I am never the seller, because I have nothing to sell.

ECONOMIST.—When you hire out your labour what do you do? Do you not demand wages? Do you not make a contract, either oral or written, which is called the hiring contract? You sell your labour like the grocer sells his salt, his coffee, and his sugar; like the baker sells his bread; like the butcher sells his meat.

SOCIALIST.—It isn't the same thing; I don't hand over anything.

ECONOMIST.—No, but you render a service. The railway which transports you from one place to

¹ Demand?—Ed.

another does not hand over anything to you, but it renders you a service. The doctor who attends you, the advocate who pleads for you, receive payment because they render you a service. You let out your strength, either muscular or intellectual, in return for remuneration. It is the hiring of professional strength and skill which we call the contract of labour. It is a merchandise, like any other, and, like all things or services which are the objects of contracts and agreements, is subject to the Law of Supply and Demand.

SOCIALIST.—You may repeat that to me in as many ways as you like, but you will not convert me, because I tell you I do not admit it.

ECONOMIST.—And what if I prove to you, that you are the first, not only to recognise that labour is merchandise subject to the Law of Supply and Demand, but also to insist, sometimes even with violence, that all should recognise it to be so ?

SOCIALIST.—That would be difficult.

ECONOMIST.—You wish to suppress woman's labour, to suppress apprentices, or, at least, to limit their number, to send back the foreign labourers over the frontier ; is it not so ?

SOCIALIST.—Yes.

ECONOMIST.—Each one of those propositions is a homage paid to the Law of Supply and Demand ; because each one of them has for its object to diminish the supply of labour, and thereby to raise the price.

SOCIALIST.—I need other reasons to convince me.

ECONOMIST.—Are you a partisan of the law of 1864 which gives workmen permission to strike ? Would you like to return to the previous *régime* ?

SOCIALIST.—No, that is not required. The right to strike is now law.

ECONOMIST.—Very well! What do you do when you strike? You withdraw your labour from the market. You say to your employer: If you wish to buy my labour, you will have to pay dearer for it. If you are clever you will choose the time when he needs you most, to dictate your conditions to him. Do you know what you are? You are a forestaller.

SOCIALIST.—You don't say so!

ECONOMIST.—What is a forestaller? He is a speculator who withdraws corn, wine, cotton, etc., from the market, to raise the price of his merchandise, and waits for the rise before selling. You, too, you refuse your labour, you withhold it in order to raise its value; and whether you wish to comply with it or not, you apply the Law of Supply and Demand.

Cobden has described, in a picturesque manner, how the Law of Supply and Demand acts in the matter of wages. Wages rise, he said, when two masters run after one workman; they fall when two workmen run after one master. One might try, by more or less violent means, by all sorts of more or less ingenious combinations, by more or less clever laws, inscribed in our codes, to violate this Law of Supply and Demand with respect to labour; but we should never change it, because it is immutable. Each time that there was no demand for some portion of the supply of labour, the workman would be compelled to accept a situation at a reduced price; each time that there was a demand for labour in excess of the supply, wages would necessarily rise.

CHAPTER IV.

THE "IRON LAW" OF WAGES.

"You, too, wish to maintain it"—The Formula is due to Turgot—Very Attenuated—Unsound—Lassalle took it from Ricardo—Ricardo's Exact Text—The Law is perverted—Cause of the Rises and Falls in the Rate of Wages—The Basis of Wages—Errors—It is the Consumer who regulates the Rate of Wages—Capital only raises Wages—If the Iron Law were Exact, in one Centre all Wages should be Equal—The Protectionist and the "Iron Law"—Way to lower Wages—The Wages of the Labourers depends upon the Amount of Work—Definition of Wages.

THE same Socialist who reproached me for not desiring "the repeal" of the law of supply and demand, added:

No doubt you will also support the iron law of wages.

No, I replied.

Ah! ah! he replied triumphantly; you do not dare to support that!

I am the less daring in support of that "law" as it does not exist, and it does not exist precisely, because the Law of Supply and Demand does exist.

That law not exist! Why, all Socialists mention it.

Well! it was not Socialists who invented it.

Lassalle took the idea from Turgot and Ricardo, while giving it, for the purposes of his polemic, an arbitrary meaning.

Turgot¹ begins by recognising that labour is subject to the Law of Supply and Demand: "The labourer, pure and simple, who has only his arms and his industry, has nothing, unless he manages to sell his labour to others. He sells it more or less dearly; but this higher or lower price does not depend only upon himself."

Turgot here announces an incontestable truth; because the price of a thing or of a service never depends upon one person only; the price is relative to two conveniencies, to two needs, that of selling and that of buying; an individual does not sell an article of merchandise to himself, any more than he can buy his own labour. Turgot went on to say: "The price is the result of the arrangement he makes with the purchaser of his labour, who pays as little as he can."

Socialists may recriminate as much as they like; these are truths which verification will only establish more firmly, just as blows from a hammer give greater cohesion and greater solidity to steel. The consumer wishes to buy as cheaply as possible, and to sell as dearly as possible. The consumer and the producer of labour will not escape from this general law.

Turgot, from the experience of his day (when all those corporations, with their masters and wardens, flourished, which he abolished, and which were resuscitated after his fall, to be finally suppressed fifteen years later by the National Assembly) added: "As

¹ *Sur la formation et la distribution des richesses*, sec. vi.

there is a wide choice between a large number of labourers, they prefer the cheapest worker. Workmen are therefore obliged to lower their price in competition between one another. In all kinds of work the result should be, and in effect is, that the wages of the worker are limited by what it is necessary that he should receive for his support." Turgot held that the supply of labour is greater than the demand, from which he concludes that wages will fall to the price of subsistence.

How was he able to establish the exactitude of this connection? How could he justify this equation? Was the condition of all Frenchmen equal even in his day? And now, glance around us. Is the food of the Irishman who contents himself with potatoes, of the Breton countryman, to whom a buckwheat cake seasoned with a salted sardine's head is a feast, to be compared to that of the English working-man, or to the working-man of Paris?

Turgot looked upon his proposition as a consequence of the Law of Supply and Demand, because he based it upon this premiss, that as the supply of labour always exceeds the demand, the consumer of labour can always obtain it at the lowest price. But he at once invalidated this conclusion by making an exception of the husbandman, "with whom Nature did not bargain so as to oblige him to put up with absolute necessities," and "who could with the superfluities accorded him by nature, over and above the price of his labour, purchase the labour of other members of society. He is, therefore, the only source of wealth. . . ."

What do these words show us? That Turgot wanted to prove the superiority of agricultural labour to all other; and, in his time, the argument was not difficult to justify. Economists maintained that all wealth was derived from the soil, and because, from imperfect observation, they had arrived at this erroneous conclusion, does it follow that Turgot's error regarding manual labour should be a truth, even though taken up again by Ricardo?

It is from this English Economist that Lassalle takes it. "According to Ricardo," he says, "the average of the wages of labour is fixed by the indispensable necessities of life." Lassalle altered Ricardo's much less decided text.

"The natural price of labour," says Ricardo,¹ "is that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race, without either increase or diminution. . . . The natural price of labour, therefore, depends on the price of food necessities and conveniences required for the support of the labourer and his family."

Ricardo toned down this proposition by adding the following: "It is not to be understood that the natural price of labour, estimated even in food and necessities, is absolutely fixed and constant. It varies at different times in the same country, and very materially differs in different countries. . . . An English labourer would consider his wages under their natural rate, and too scanty to support a family, if they enabled him to purchase no other food than

¹ *Principles of Political Economy*, chapter iv.

potatoes, and to live in no better habitation than a mud cabin."

That is what Ricardo says. It is a long way from that to the absolute formula attributed to him by Lassalle, and from which he has created "the Iron Law of Wages."

It is untrue both as a minimum and maximum. It is not true as a minimum: because if the employer has no need for manual labour, he will not trouble himself about the labourer's necessity of living; he will not employ him, and will not pay him. It is not true as a maximum; because the employer pays the labourer, not according to the latter's convenience, but according to the use he can make of his work, according to the demands made upon him for the products he supplies.

In reality it is neither the employer nor the employed who regulates the price of labour; it is a third person, whom we are in the habit of forgetting, and who is known as the consumer. If the employer were to produce something which did not meet some want, or which, by its price, was outside the range of wants which could be satisfied, he would not be able to give wages either above or below the means of subsistence, to his labourers, for the very good reason, that he could not produce, and consequently would employ no one.

If an employer manufactures things that are in great demand, and which can only be made by a limited number of workmen, the workmen can command very high pay.

Certain Economists have imagined a "wage fund,"

a fund available in a given society, for the remuneration of labourers. This means nothing. Wages do not depend upon the capital which may be owned by employers. This capital would soon be swallowed up and absorbed, if it had to meet wages.

Wages are paid by the manufacturers' clients, by the buyer of corn or oats of the agriculturist, of iron or steel of the metallurgist, of cottons or wools of the weaver of stuffs. All the manufacturer does is to advance wages just as he advances taxes. He who finally pays is the consumer; and wages vary according to his needs and not according to the will of the employer.

If Brussels lace ceases to please the ladies who use it, the wages of the lace makers will fall to zero; if it pleases them, the makers will be appointed as managers. If fashion deserts silk goods, the wages of the Lyons silk weavers will fall, be they ever so skilful, and will only rise when the ladies of France, England, and the United States, make new calls for their goods.

As Socialists make an article of faith of "the Iron Law of Wages," why, if it does exist, have they not asked why all the wages, in one centre, are not equal amongst all the workers? A printer or a miner is not charged more for bread and meat than a labourer, a sculptor more than a navvy. Why then if the "Iron Law" is a fact, do they receive unequal wages? And if you believe in it, ye Socialists of the *Bourse du Travail*, how is it that you accept the distinctions established in the schedule of the town of Paris, and, instead of demanding a uniform rate for all, permit

the bricklayer's labourer to receive a lower wage than the plasterer? In 1890, in the mines, an overseer earned 5 fr. 04, the State worker 4 fr. 41, the manual labourer 3 fr. 58 at the bottom, and 3 fr. 21 outside. It is all very well for the Congress of Tours to ask for equality of wages: let it get them accepted by the plasterer or the overseer! "The Iron Law of Wages" has never been anything but a metaphor. Why "iron"? Why not bronze? Why not "steel"? That would be harder still. Is it because Hesiod¹ describes the iron age as violent and savage. This yielding to the seductions of metaphor proves how the Socialists are possessed of the classic spirit, in Taine's acceptance of the term, and are ready to be satisfied with mere words! They believe that this invocation is an economic law, although Liebknecht, at the Congress of Halle (1890), did relegate it to the *bric-à-brac* of antiquity.

But we have heard Protectionists (March, 1887) invoking this imagined "Iron Law" as an argument in favour of duties on corn and beef. They say, that as wages correspond to the price of food, it will be sufficient to raise the cost of living to make wages go up. In this way the social question is solved. According to the partizans of this ingenious proposition, the wages of English workmen ought to have been higher under the reign of the corn laws, than since, under the reign of liberty!

They do not see that this system is, on the contrary, the best calculated to reduce wages: because the dearer food is, the more need will there be for the

¹ *Works and Days.*

consumer to devote a considerable portion of his income to it, and all that portion will become unavailable for other objects: there would therefore be a decrease in the demand for manufactured objects; consequently there would be diminished demand for manual labour, and, as a result, lower wages. For we must of necessity always return to the following principles. Labourers' wages depend upon the amount of work required. When the demand for labour is relatively small, wages fall; wages rise when this demand is more plentiful. Consequently, there is only one way in which wages can be raised: by opening up channels of production and increasing the industrial and commercial activity of the country.

In a word, what do we understand by wages? Wages are a speculation. The labourer who offers his labour to a trader or a contractor, argues thus with him: "I deliver to you so much labour. It is true that you run the risks of the enterprise. You are obliged to make advances of capital. You may gain or lose. That does not concern me. I do my work, I make it over to you at a certain price; you pay this to me whatever happens. Whether it redounds to your benefit or causes you loss is not my affair."

The true nature of wages is that of a fixed contract between employer and worker. It is by the recognition of this that we shall succeed in dispelling all equivocations and avoid all idle and envenomed discussions.

CHAPTER V.

INTEGRAL WAGES.

The Employer a Parasite—Way to make a Fortune—Erroneous Hypotheses.

ACCORDING to the Socialists of the school of Karl Marx, every employer is a thief, and they proceed to prove it by saying :

If, after having made a pair of shoes, I want to re-purchase them at the price which was paid to me, I cannot do so. A profit has been superadded to my wages. The employer is robbing me. He is a parasite that lives at my expense.

The Socialist calculates how much the employer deducts from the salary of each workman ; and by this calculation he adduces the fact that it is sufficient to employ a lot of workmen in order to obtain large profits. If trade could be reduced to such simple principles as these, it would be enough to borrow capital and to hire as many workmen as possible, to ensure a fortune at once.

If Socialists would only take the trouble to examine the facts about which they talk, they would ask themselves why there are some manufacturers who ruin themselves whilst others prosper. But Socialists

suppose that the price of raw materials never varies, and that there is no difficulty in buying them upon good terms. They also suppose that there is a continuous, regular, and easy demand for products at uniform prices.

In fact, they ignore the elements of trade—the interest of the capital engaged, as well as deterioration of plant; and as they do not see the employer actively engaged at his trade, they conclude that he is no better than a sluggard, for the labour of direction, without which neither work nor manufacture could exist, counts as nothing in their eyes.

CHAPTER VI.

TO EACH ACCORDING TO HIS NEEDS.

What is the Standard of Need?—Capacity and Needs—Wages should be in Inverse Ratio to Capacity.

THIS is a formula which has superseded that of "to each according to his works."

But what is the standard of needs? They are as undefined as man's capacity for wishing. Everyone can dream of terrestrial paradises suited to his own fancy. And yet society is, by some means or other to secure them for him. This would not be the reign of equality.

It may be, however, that this is not what those mean to say, who make use of this formula, which, like most Socialistic formulæ, borders upon the absurd the moment you draw therefrom its logical conclusion. They mean that wages should not be regulated according to the capacities of the wage-earners, but according to their needs. We have already pointed out that wages depend upon neither the employer nor the employed, but on the power of purchase of the consumer.

If wages were to be estimated according to needs, it would be the least capable workman who ought to receive the highest wages. An unfortunate man is a

victim to chronic bronchitis; he has all the more need for high wages because he is ill; he needs an abundance of the choicest food, all kinds of strengthening things, and the possibility of earning enough in a few days to enable him to rest afterwards. Where will this unfortunate man ever find, not only higher wages, but as high wages as a capable workman in good health?

Wages will always be in proportion to the productive capacity of the worker, and not in proportion to his needs.

CHAPTER VII.

THE ABOLITION OF WAGES.

The Abolition of Wages—Means of accomplishing this—Process Employed—The Advantages of being an Employer—*Tu l'auras voulu, George Dandin!*

SOCIALIST (*triumphant*).—What you have just been saying condemns the system of wages; because under it you admit that it would be impossible to take needs into account. The employer would allow the miserable martyr to bronchitis, of whom you spoke, to die of starvation. That is barbarous. There is only one remedy: abolish wages. M. Lafargue was right when he said to M. Millerand: "So long as the wage-system remains in force you have accomplished nothing."

ECONOMIST.—Then you believe that the abolition of wages would give work to that poor wretch, and that he would find it easier to live? Would his productive power be increased?

SOCIALIST.—Others would work for him.

ECONOMIST.—That is just what happens now; and the function of public aid is, to come to the rescue of the unhappy people who cannot live by their own work. But this is quite a different question, which has no connection with production except the burden which it imposes upon it. It is quite alien to the question of the fixing of the rate of wages.

SOCIALIST.—That is why we must suppress wages. True Socialists have no doubts upon this point. They are unanimous. The wage-system is robbery on the part of the masters. Karl Marx has proved this. We must compass the abolition of wagedom! Whilst that remains unachieved nothing is done!

ECONOMIST.—Well, you and your friends are at this moment working with consummate skill towards this end, and you will of a surety reach it, but in a different way to what you imagine. Pending the grand final upheaval, the employer may expect any day to see the legislature interfere in his affairs and change their conditions.

By the suppression of women's night labour the power of production of certain manufacturers has been diminished and their sale handicapped by more than one-third, which is a singular way of favouring the increase of trades with small capitals and of developing our commercial power. The law of compulsory insurance in case of accidents adds another burden to the heavy load that the French manufacturer already has to carry, and which will doubtless help him to compete with more ease against foreign competition. He is, moreover, subjected to all sorts of inspections, which are to be still further increased, and a majority in the Chamber of Deputies has adopted the Bovier-Lapierre law by virtue of which every employer who dismisses a workman who is a member of a trade syndicate, with censure, renders himself liable to police correction like a vagrant, and may be condemned to fine and imprisonment. The Congress of Tours demands that employers

shall be subject to the supervision of inspectors elected by the workmen, and that they shall be punished "if they have caused people to work for more than eight hours and below the wage rates accepted by the syndicate." The workmen who are members of the *conseils de prudhommes* administer an oath always to condemn the masters, and set up the doctrine of partiality in matters of justice. Employers are compelled to put up with the presence in their offices of those who offer them nothing but insults and the language of hatred. They have the constant fear of strikes, which they cannot in any way prevent; and when this industrial war has once been declared, they are exposed to threats of assassination. They are obliged to send their wives and children out of harm's way, and the very smallest risk they run is the pillage and destruction of part of their stock. Deputies come and place themselves at the head of these strikers to encourage their disorders. Ministers and Prefects intervene, and dread lest they shall be accused of siding with the employers. If some magistrate does his duty by condemning those guilty according to the common law, upon the first offence, the criminals are at once pardoned and return triumphant. If the employer ruins himself, he loses, not only his own capital and that of his sleeping partners, but he is disgraced into the bargain and becomes a miserable wreck. If he makes money, he is denounced in certain newspapers, at meetings, and in the tribune, and he is assured that he could be easily made to disgorge.

Do you think that under these conditions the

position of employer is so full of attractions that many will be disposed to devote their capital and their lives to trade? Is it so tempting that the relatives of a young man, entering upon life, will encourage him to play such a dangerous rôle?

And then, if young, energetic, and active men, with capital at their command, are driven from trade by Socialist demands, do you not see you will attain your object to perfection, my dear Socialist. Yes, wages will be abolished, because there will be no more employers to pay them, because there will be no more manufactories to employ you, because, tender your labour as much as you like, you will find no one to buy it. *Tu l'auras voulu, George Dandin!*

CHAPTER VIII.

MACHINERY.

Hatred of Machinery—Nature of Machinery—Its Influence on Wages—Increases the Productive Capacity of Man—Increases the Number of Employments—Arkwright and his Loom—Railways and Coaches—*The Value of Man is in direct Proportion to the Power of his Tools.*

MACHINERY has been represented as sure to bring labourers to poverty. Did not Proudhon go so far as to demand that all new models should be shut up for several years in the conservatoire of Arts and Crafts before permitting them to be used! Did not excited crowds want to destroy railroads?

People do not go to quite such lengths as these now, but at any rate they still recriminate. Can we, at the present day, deny the services which machinery renders us? Are not railways preferable to coaches? Machinery stands for all we have, plus our hands and our nails. It is the perfecting of tools, and the value of a man is in proportion to the power of his tools.

If those are right who contend that machinery is a cause of low wages, wages ought to be lower in the present century than in the last.

When the employment of some machine, at a given time, displaces manual labour, a local crisis is very

likely to follow. But this crisis will only be temporary. It is the crisis of all growth, of all transformation; it is the effort accompanying all struggles. There can be no progress without the disturbance of interests: it is the consequence, from the capitalist point of view, quite as much as from that of labour, of all economic evolutions which are possible among men.

When a machine is introduced into an industry, it may cause partial depression, deprive workmen of the work to which they have been accustomed, and compel them to seek the means of subsistence elsewhere; thus a new product may kill an old one, just as dye stuffs extracted from coal have taken the place of madder. What we ought to consider on the other side is the increase of general utility.

Let us examine the question from the point of view of wages. A labourer, dragging a wheelbarrow will, with this barrow, remove some cubic feet of earth, during his day's work. Necessarily his wages cannot rise beyond the value of his work, which is extremely minute, like the number of cubic feet he removes.

An engine-driver on a railway, can, in a goods train, draw 70 waggons of 10 tons each, and in one day cover some 200, or 300 miles of ground. It is evident that the wages of the engine-driver, which may be double, treble, even quadruple those of the manual labourer, are far lower relatively to the service which he renders. This same engine-driver may drive a train of twenty-four passenger carriages; it is clear that his charge upon the value of the transport is relatively very small indeed. He can easily attain to

a wage of 3, 4, or 5,000 francs, without counting other advantages.

It would be absolutely impossible to a contractor, to a man engaged in excavations, to pay such wages to a labourer whose work, to take our example, consists in simply moving a wheelbarrow to and fro.

Bear this well in mind, that the more capable a machine is, of increasing production, the more can those workmen who are attached to it command high wages, because the cost of their wages diminishes relatively to the utility of the machine. Thus, the miner who makes use of dynamite with which to extract coal can receive higher pay than if he could only extract it with his pick-axe. Contrary to the assertions of Lassalle and to current prejudices, all machinery that increases the out-put has a happy and beneficial influence upon wages.

In 1760, at the time when Arkwright took out his first patent for his loom, there were, in England, 5,200 spinsters working at spinning-wheels, and 2,700 weavers, 7,900 persons in all. Unions were formed to prevent the introduction of his machine, because people maintained that its general use would take the bread out of the mouths of the working people. Do you know how many hands are to-day employed in the English spinning factories?—500,000! Therefore, far from reducing the number of spinners, machinery has increased their numbers in a proportion of a hundred to one.

Railroads ruined coaches, it is true: but to-day the employees of railway companies number 230,000!

J. B. Say gives a striking picture of the increased

value which machinery has given to labour. Suppose 300,000 francs are invested in one manufacture: one-third in raw materials, and two-thirds in wages. The manufacturer discovers a machine which economises half the wages. Will he let the 100,000 francs which he thus economises, lie idle? No, he will reduce the price of his goods in proportion, and consequently increase the consumption, and this increase will give work to his machinery, and thus create a new demand for manual labour. If he cannot employ the money in his own business, he will deposit it in a bank, or invest it in a joint stock company, and this capital, thus available, will serve to start new enterprises which will, in their turn, claim an increase in human effort.

Thus it may be asserted that *the value of a man as a productive agent is in direct proportion to the power of his tools.*

CHAPTER IX.

EXCESSIVE PRODUCTION.

Productive Agencies too great—Over-production—No one notices this—On the contrary—*It is not the Desire to consume which is wanting, it is the Power to consume*—From what does Momentary and Restricted Plethora in certain Products arise ?

HOWEVER, in spite of the facts which we have cited, the Manifesto issued by the Erfurt Congress says : “ Tools change into machines. The army of the unemployed grows even larger. The productive agencies of society have grown too large.”

It is not the Socialists, however, who formulated these charges. We owe them to the Protectionists who, for the last three quarters of a century, have raised the cry of over-production ! If they could have had their way they would have stopped production at the point which it had reached towards 1820, or even reduced it below that. Should we have been the better for it ?

DELEGATE.—There is over-production.

ECONOMIST.—Do you think so ? Do you consider that shoes are useful ?

DELEGATE.—Yes.

ECONOMIST.—Your wife, your children, you yourself,

have you never had to economise in the matter of shoe leather ?

DELEGATE.—Alas ! Yes.

ECONOMIST.—Then, you see that there is no surplus of boots, because you have not as many as you could wish.

DELEGATE.—That is because my wages are not high enough.

ECONOMIST.—In a word : You would like to be better off ?

DELEGATE.—Yes.

ECONOMIST.—So as to buy more shoes ?

DELEGATE.—Yes.

ECONOMIST.—And it is not only a question of shoe leather. You economise, too, in the matter of clothes. You have not as much linen as you might find useful. Moreover, you are obliged to calculate the amount of meat that is eaten ; the wine is eked out ; your house is not as comfortable as you could wish. And of what do you complain so bitterly, if it is not that your means are not sufficient for your needs ?

DELEGATE.—That is so.

ECONOMIST.—There are plenty of people, who have larger incomes than you have, who sing just the same refrain—How I should like to be rich ! That lady would so like an extra silk dress, these young girls new costumes. Now, production is not excessive either for that lady, nor for those young girls ; as their requirements exceed their powers to satisfy them. Production could not become excessive until everyone was so satiated as to have nothing left to wish for—an

impossible chimera, because the capacity of desire is unlimited.

DELEGATE.—You are talking of luxuries.

ECONOMIST.—You call mere meat and wine luxuries? But do you look upon socks as luxuries for man?

DELEGATE.—They are considered so for military men.

ECONOMIST.—That shows that the army, which is such a good example of Collectivist organisation, does not, perhaps, represent an ideal of comfort. But do you think stockings are a luxury for women? Do you consider pocket-handkerchiefs are superfluous? Do you think that shirts should be set aside as useless articles?

DELEGATE.—Why, certainly not.

ECONOMIST.—Well! of the 350 millions of people who inhabit Europe, do you think that all have an abundance of pocket-handkerchiefs, socks, stockings, and shirts? There are those to whom these things are still luxuries. And what numbers of the 110 or 120 millions, who inhabit the two Americas, are still without them! If we pass on to the 200 millions of Africans, 800 millions of Asiatics, and 40 millions of Oceanians, we shall prove that of the 1,500 millions, in round numbers, of human beings, who move on the face of the earth, there are not 300 millions, that is, less than one in five, who have regular food, clothing, and a house representing that which represents to you the minimum of indispensable comfort! And still you say that production is excessive, when the great majority of human beings is still in the direst need, and has neither shirts, stockings, socks, nor pocket-handkerchiefs!

DELEGATE.—But the Manchester manufacturers are embarrassed. Those of the Seine-Inférieure, and of the Vosges cannot get rid of their goods.

ECONOMIST.—And why? because the people who require these goods have nothing to offer in exchange. *The desire to consume is not wanting, but the power to consume.* And what is this power to consume, if it is not *the power to give one product in exchange for another.* That which occasions the repletion of some particular kind of merchandise, is not the excessive out-put of that merchandise—provided that it supplies a want—it is the impossibility of those who need it to obtain it. It is not of over-production that we ought to complain, but of the insufficient production, which hinders the exchange of equivalents.

In one word: *The plethora of certain circulating capitals, centred upon one point, does not proceed from their over-supply, but from the scarcity of their equivalents; caused either by the cost of production of these equivalents, by natural obstacles, such as space, or by artificial obstacles, such as Protection or fiscal regulations,*

CHAPTER X.

ECONOMIC CRISES.

They are caused by Excessive Consumption—The Agriculturist and Bad Harvests—The Railroad Crisis.

It is not only the delegate from the Labour Exchange, the disciple of Lassalle and of Karl Marx, who interrupts me. It is all those who talk about political economy ; and those who talk about it without having studied it, are as numerous as those who give medical advice to their relations and friends. They tell me :

You will not deny that commercial crises are due to an excess of production ?

I do deny it !

You ruin your argument.

I am not labouring to support a thesis ; I demonstrate truths, and I will prove to you that *economic crises are not due to excessive production, but to excessive consumption.*

Corn does not grow up unaided in a field. Manual labour is needed, which must be purchased ; horses are needed, whose shelter and fodder are expensive ; the soil needs manuring and tending, and seeds must be sown—these are all costly things. If the harvest

is good the agriculturist recoups his expenditure, plus a certain payment, which constitutes his profit.

When by a series of accidents his crops do not yield enough to repay the advances he has made, he has been guilty of *an excess of consumption*, and he has nothing to give in exchange for agricultural machinery, clothing, boots, cattle, etc. He consumes fewer of the products of manufacture, because he has not the wherewithal to purchase.

This is the cause of a large number of economic crises, and the deficit which provokes them is just the reverse of excessive production.

Thus, to what, for example, was the great railway crisis in the United States due? Considerable capital had been swallowed up in earth works, in tunnelling through mountains, in the building of viaducts, in setting millions of tons of rails. This capital had lost its purchasing power. Just at the moment when the use of these railroads would have restored it, there was an excess of consumption, and consequently a crisis—a crisis which rebounded upon workshops and factories, which had also been led into *excessive consumption* of implements, the purchase of raw materials, and the payment of manual labour, relatively to the outlets which were now closed to them.

CHAPTER XI.

CHEAPNESS.

Contradiction—Economic Evolution—Always Increase Production—No Fear of Excess.

YES, but there are other crises, people say, crises which are the result of the low price of merchandise, of excessive supply. Has it not been found necessary to impose a tax of five francs on foreign corn, so as to raise the price of French corn, otherwise the farmer would no longer find it worth his while to till the land? Yes, the cost of production of the harvest far exceeded the payment for consumption, because the low price of his merchandise did not permit of the farmer recouping his advances.

But, then, what remedy is there beyond the duty of five francs, proposed by the societies of agriculture, the Ministers of Agriculture, and all those who speak more or less officially, and more or less authoritatively, in the name of the agriculturists? Do they not suggest improvements, such as better seeds, new modes of cultivation, all of which would, if they succeeded, result in an increased yield of corn? Would they not tend to increase the over-production, and depreciate the price? Have you ever heard an agriculturist assert that the remedy would be to diminish

the yield of corn per acre? No. All have proposed to lessen the net cost of production, but how? By augmenting the production! In a word, all have suggested the depreciation of the price of corn, at the very moment when, by customs duties, they are trying to make it dearer. Does not this contradiction show, that in spite of all sophisms, economic evolution is to always produce as cheaply as possible, and thus to constantly add to the over-production, granting that there ever is an over-production of corn, when there are so many tens of millions of human beings in the world who eat not according to their appetite.

CHAPTER XII.

THE GAME OF THE GULLIBLE.

The Art of Diminishing Production—Hours of Labour—Closing the Outlets—Shutting the Door in your own Face—Machinery of Production and Distribution—Singular Fraternity—Two-fold Disaster for the Labourer—Capacity of Credulity—Ingratitude.

I KNOW, Socialist, that you are more logical than this, and that you endeavour to reduce production by several processes. To begin with, in reducing the working day to eight hours, you think you will lessen production. But why do you not demand the annihilation of the steam motors, which represent 5 millions of horse power, or the labour of 100 millions of men? You dare not. I accuse you of compromising. You have not the courage to go to the root of your convictions. And why eight hours? Why not two? Why not one? Why not zero? The reduction of production would be still more effective.

But if you reduce production, you increase the net cost; therefore you close the outlets for your produce, and consequently you destroy the chances of work for yourself and your companions. Your trick is, to shut the doors of the offices, workshops, and factories in your own faces. It is no more for his own benefit than for

yours that the manufacturer produces articles for the use of others, and not for his own. If he constructs productive machinery, it is because he hopes that he shall thereby sell at greater advantage. And you would suppress this machine by raising the net cost of the goods which you manufacture. If you do not wish goods to pass out of a workshop, why do you enter it? What business have you to be there?

Not only do you thus place yourself in a false position as producer, but you also place yourself in a false position as consumer. Truly, you have a strange way of showing your democratic sentiments when you try to make things dearer. Whom will it affect, if not your brother workmen and their wives and children; because with the same money they will be able to buy fewer things. You begin by showing your brotherly feelings towards them, by placing them in straitened circumstances; but your comrades display the same altruistic sentiments towards yourself, when they require you too to undergo the effects of this political economy. You and your doctors have a strange way of studying your interests.

Under this plan you are struck on the right cheek as producer; and on the left cheek as consumer. If to this you say "*Amen*" that will prove, not the gentleness of your character, but your capacity for being duped. Just reflect, that if there is anyone who has everything to gain by cheapness, it is yourself. In the first place you profit by it as a workman; because the more products there are to exchange for their equivalents, the more will consumption grow, with the result that the demand for labour will be

continually on the increase and your wages will rise.

You will, moreover, gain as a consumer ; and, with equal money-wages, you will be able to obtain more things that you require. When with 10 francs of your wages, you can buy shoes for which you would formerly have paid 20 francs, your wages are to that extent double.

When you constitute yourself the advocate of high prices, you continue to act the part of George Dandin. You ingrate ! for more than half a century you have been the constant favourite of that Law of Supply and Demand against which you fulminate your anathemas.