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WORK AND WEALTH

AN ESSAY

ON THE

ECONOMICS OF SOCIALISM,

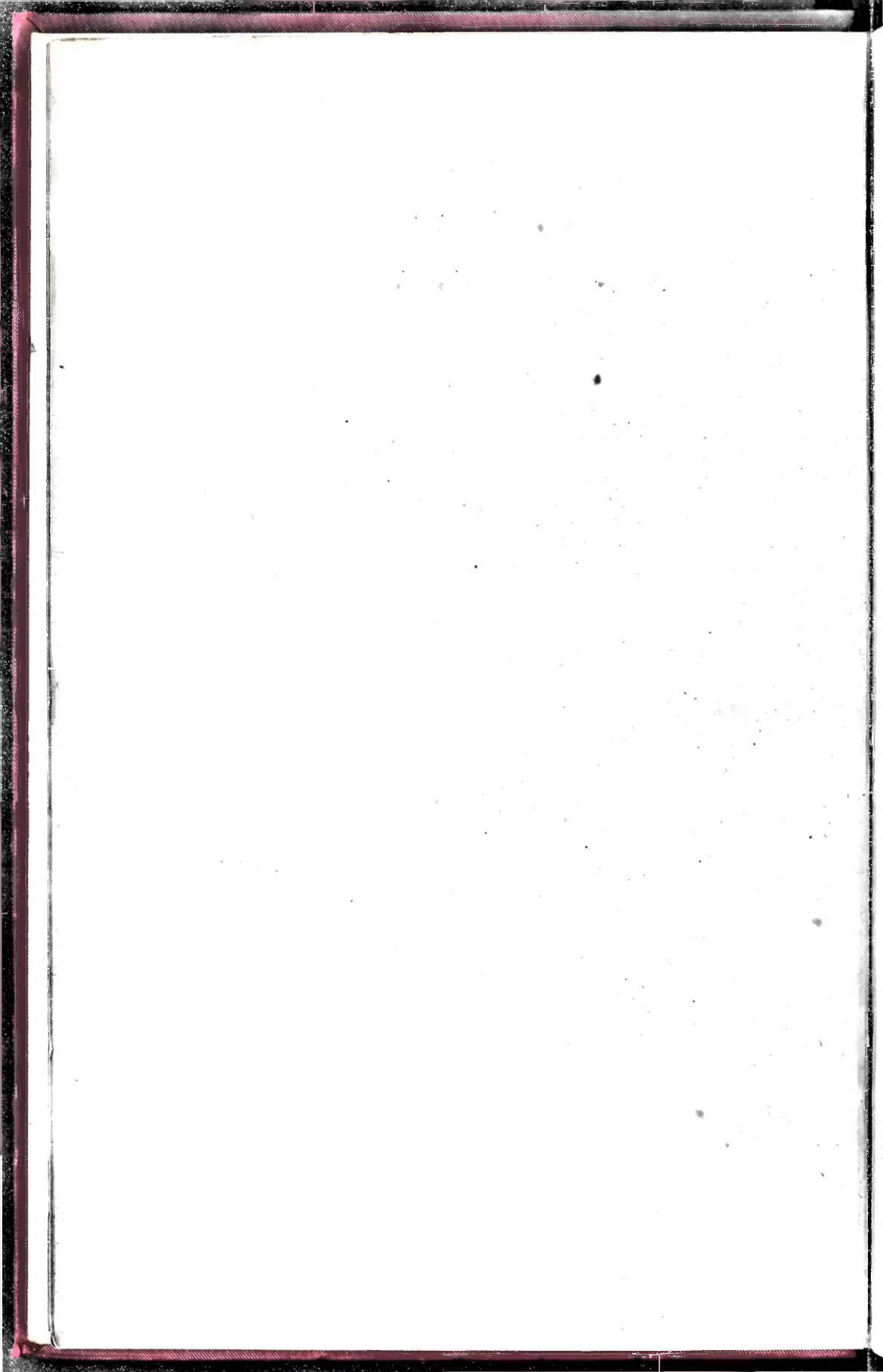
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WORK AND WEALTH.*

I HAVE chosen the above terms in preference to Labour and Capital, because they convey more exact ideas. The word labour carries with it the impression of compulsory, or servile toil. Capital is a word which economists themselves cannot satisfactorily define, and to which they apply only an arbitrary meaning. The things signified by work and wealth are subject to no equivocal interpretation, are understood by all, and stand to each other in the relation of a natural sequence.

Speaking from the standpoint of the trader, from which political economists mainly speak, Adam Smith lays down this fundamental proposition: "It was not by gold or silver, but by labour, that all the wealth of the world was originally purchased." For him the term labour was appropriate, because, in his time, a large proportion of the world's work was performed by bondmen or by hirelings, even more the mere dependents of the legal possessors of the world's wealth than are the workers of to-day.

Starting from this comprehensive, but exact, proposition that work is the only source from which wealth can be produced or purchased as an axiom, the opposite of which is simply unthinkable, let us direct our attention to an inquiry into the manner in which wealth to appearance is transferred so often in exchange for no equivalent in labour. Even the trader may be interested in the attempt to account for the fact that wealth, at first purchasable only by work, comes to be possessed mainly by those who do no work.

The thing which a man has produced by his work, and which is an object of desire to himself and others, can be transferred in several different ways. The natural or simplistic methods are: (1) Force, involving robbery, theft, and, in an advanced stage, cheating, overreaching, and advantage-taking of every description; (2) Gift, involving partial and invidious bestowments, as well as noble generousities; (3) Hazard, involving all kinds of gaming, and, in the progress of society, all speculative ventures.

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The rational method, and one which is arrived at only by culture and the recognition of social obligations, is MUTUAL EXCHANGE.

With the earlier methods, as they have existed in the past, we need have no quarrel. They were the only ones possible under the condition of social and moral development then obtaining. Robbery is the main element of organic and animated life. The carnivorous animals all support life by drawing it from orders less powerful or aggressive than themselves, and even the herbivorous sustain life by devouring vegetable life. Man destroys the lives of the creatures beneath him that he may eat their flesh and robe himself with their furs and skins. He robs the sheep of its fleece, the silk-worm of its web that he may clothe himself. That he pursues a similar course with his fellow is not to be wondered at. Only a conception of the brotherhood of man and the real dignity of work can win him from his tendency to devour the substance of the weak and simple who fall into his hands, instead of producing wealth for himself.

The rude man, who has spent hours in the forest gathering fagots, but lies down at night without a fire, while another enjoys the genial warmth those same fagots yield while burning, may have transferred their possession in several different ways. He may, with a certain degree of equity, have exchanged them for different products which the other had worked to obtain; he may have engaged in some game of chance, and lost them wholly; or he may have been met by a stronger man, while returning laden, and deprived of his fagots by force. Or, he already may have been reduced to a bond-slave, his life having been spared in war on condition of his submission to a life of slavery; and thus have given his captor the perpetual ability to purchase wealth with his and his childrens' toil.

From the mental state which results from such motives as sway the successful warrior and slave-holder, to that of the enlightened moralist and economist who discovers that, if another has created wealth which he himself desires, the true thing to do is to create something which the other will equally desire, that so the transfers may be mutually agreeable and beneficial, is a distance which requires ages of toil and struggle to overcome.

It may be urged that in the capture and management of slaves, who would not willingly work if left to themselves, a certain necessary work was performed, and a larger production of wealth obtained. If we were to admit this as regards the past, it would serve as no justification for the continuance of slavery; but it should also be considered that the robber class, until taught by the toil of the industrious that labour will produce or purchase wealth, never seeks to subject the toilers to slavery. Besides, all experience shows that

slavery, so far from promoting industry, begets a general repugnance to work on the part of both slave and slave owner: thus the thing urged in its justification is seen to have been caused mainly by itself.

It was not till after centuries of advancement that civilized nations began to discourage chattel slavery. Its entire abolition in our country is a recent event. But by its abolition we have by no means reached any thing like an equitable system of exchange. We still have class legislation, protecting the vast accumulations of wealth and ownership of land in unlimited quantities, just as incompatible with justice as the older tyranny.

To be able to purchase wealth with others' labour, it is not at all necessary to own their bodies. The strong assumed "property in man" and "property in the soil" at the same time. Now, since the soil is absolutely essential to the application of labour to productive uses, he who has an exclusive claim to it can labour under any tribute he pleases, or deny it opportunity to employ itself or be employed at all. Since ownership in man has been abolished, private ownership of land is the chief basis, the great fulcrum, of all devices for purchasing wealth by the work of others.

By the workers themselves this power is little understood, because it affects them indirectly. They come in immediate contact with their employers, and questions of raising or lowering wages, lengthening or shortening hours, attract their attention and divert it from more fundamental questions. They hardly reflect that their employers are also subject to the competitive struggle, and are often broken down by the operation of the same law which shortens the rations, and renders more and more precarious the employment, on which the labourer depends.

The indifference of the working-men to this question of the land, and their failure to obtain even enough of it to enable them to rear homes for themselves and families, has a curious, as well as sad, result. Quite twenty-five per cent. of the earnings of labourers, clerks, and mechanics who do not own a home of their own, goes to the landlords for rent. In many instances, this is for structures which have been paid for a hundred times over, and are not worth in their material the labour of pulling down and carrying away. It is true that a portion of this rent comes back in payment of repairs, taxes, etc., but still leaving a large percentage for which labour receives no return whatever, and may almost be said to yield voluntarily, thus permitting others, to that extent, to purchase wealth with their unrequited toil.

Had our Government established a system of easy access to the

soil through nationalization of the land or a judicious limitation to private ownership, the questions arising between employer and employed would have a ready solution. On the recurrence of a depression in business, general or special, the parties feeling themselves crowded would betake themselves to the cultivation of the soil, or some self-employment; or at least enough would do so to relieve the overstocked labour market, thus increasing the demand for the things which had been over-produced.

Out of our semi-feudal land system grow also many of the giant evils which afflict our commerce and finance. The man who has no land must hire it or pay for its use, before he can apply his labours in cultivation, however willing and capable he may be. This basic necessity of borrowing is the foundation of all other borrowing; paying for the use of land is the basis of all rent and usury and speculative profit of every description. Distressed by unnatural dispossession and deprivation, people are in no condition to resist the temptation to borrow anything which promises relief, and to pledge themselves to pay therefor impossible rates of interest. The poor man, to free himself from present deprivation, borrows the means to do a little business; the man of considerable means borrows that he may do more business; and for the result, we have most of the real estate and much of the personal property of both in the hands of the money-lender through foreclosures. A large proportion of all transfers of real estate, especially for the last three years, has been through foreclosures, and to avoid foreclosures.

An annual half-billion does not cover the amount which goes into or through the hands of corporations in the form of interest in this country, not to mention the enormous rentals, private speculative profits, etc.

The industrious man, who purchases by his work any desired wealth, gets only one-half, or less, himself,—the other half going to the usurer, landlord, or profit-monger. These are enabled to purchase, or get recognized possession of, this other half through unlimited control of land, and the system of usance and annuities growing up from that basis.

It may be said with too much truth that working-men get now more than they wisely use; but it is still truer that, in proportion as their share in what they have produced is diminished, they become more and more indifferent to saving, and more and more shiftless and unreliable.

It is not the purpose of this paper to attempt to point out what is right and equitable between employer and employed under our system of wages. When any considerable portion of mankind

desires equity and mutualism in industry and division, there will be no difficulty in arriving at exact conclusions. My object will be more than realized, if I draw attention to these things as they actually exist, and to the positive relation which work and wealth sustain to each other, the truth in regard to which can only be ascertained by careful analysis.

Into all production of wealth only two factors enter: (1) the raw material—the soil or its spontaneous productions; (2) human effort. However complex or extended, in the last analysis only these two elements are found. It is not the carbon and nitrogen, the salts and gases, of which our food and clothing are composed, which we produce as wealth, but that specific form and aptitude for use which our work has wrought or effected.

According to that ingenious political economist, Bastiat, even when we purchase things with money or by barter, we do not exchange things, but forms of service. The inference, however, which he draws from this truthful proposition—that, therefore, any one in possession of wealth to whatever amount must necessarily have rendered an equivalent service for that wealth (either by himself, or through an ancestor or donor)—is so monstrous as to be accepted only by specialists in “exact science.” On the contrary, we find mutuality of service nowhere recognized as at all requisite in the business transactions of the world. We might as well look for it under the chattel system, where men and women are bought and sold, and where labour does not have to be purchased with equivalent service, but can be enforced by the lash. Adam Smith says: “It is impossible for one to become excessively rich without making many others correspondingly poor.” This is a result which could not possibly arise from any mutual exchange of services, or from any honest transfers of equivalents, any more than we can have an equation with one side *plus* and the other *minus*. Hence it follows that, where inordinate wealth exists, it has been purchased by the labour of others than the possessors, and through transfers by force, fraud or hazard.

To produce or have wealth at all, human effort must be put forth. Even the spontaneous productions of Nature cannot constitute wealth, until taken out of their natural state. The savage who has fagots and game in store for a week has wealth, as compared with him who has to gather a daily supply. Application and frugality seem the only requisites for its acquirement. By a wise division of labour and special adaptation of functions, the wealth of the world has been vastly increased; but we must not let the complexity of work and diversity of employments confuse our ideas in regard to

the main question,—namely, the source of wealth, and the equity or iniquity of the present method of distribution.

As society advanced from the simply savage state, the search, capture, and transportation of natural wealth was followed by various handicrafts which added value thereto. It was work, nothing less and nothing more, of hand and brain which formed social wealth from the resources of Nature. In all these elaborate transformations, we can discover no other earthly agency, nor indeed make any material distinction in the essential character of these varied services. One and all are necessary to each other. By no logic can we decide that one service is more important than another, except in the utility of its product.

If one has discovered, another secured, and a third transported the prize to the place where it is needed for consumption, we can decide no otherwise than that the pay of each should be proportioned to the time employed in labour and the useful result accomplished. Even the labour necessary to divide and distribute it comes in justly for a share.

So far all must be plain in regard to the facts involved in our question. It seems to me the principles must also be clear. But it will be answered that still the distinctions in life and the inequalities of distribution of which we complain have been transmitted to us from previously existing conditions, and result from the operations of forces that can be traced back through every form of civilization. This is, however, very far from proving that they exist in accordance with elementary principles or any rational interpretation of law. Really it comes to this,—whether we will continue the essential injustice, while dropping the barbaric methods of the savage, or attempt a truly scientific solution of the problem of work and wealth.

In the discovery, procurance, and manipulation of natural productions, I have indicated all the steps in the production of wealth. Services in the preservation or conservation of wealth are equally entitled to consideration, but cannot be yielded a superior claim. With our inequitable division, and the disorganized methods of distribution which it begets, the number of traders becomes sadly disproportioned to the number of actual producers; and since those despoiled are chiefly those who perform the most useful labour, the smart and shrewd seek the more indirect methods of obtaining wealth. And just here the principle of competition, which political economists seem to think ought to reconcile the wealth producers to starvation, does not work with facility, for no one can do a business at a loss, and hence society has to support numbers to do the work which one might do.

I may, in this connection, refer to the instrumentality of money or currency, serviceable in moving crops and the work of distribution generally. Its importance, however, is mainly due to the want of mutualism in our distributive system and of equity in our methods of exchange.

A charge for the time-use of this instrument, in defiance of the sentiments of all moralists from Moses and Cato to Ruskin and Palmer, has been enforced by our laws, because labour was at the mercy of the few who hold the soil, and because operations could be made to pay dividends out of the wealth purchased by the labour of the poor and simple. Chattel slavery enabled the planter to pay interest. Land monopoly enables the capitalist to assume that there is a usufruct to wealth. In return, usury has been the great lever by which millions of homes have been alienated, and gone to swell the domain of avarice and love of lordly domination.

As war was the parent of slavery, by which whole families, tribes, and nations were reduced to bondage,—made “hewers of wood and drawers of water” to the victors,—so it has been employed to enslave labour by the creation of immense national debts, the mere interest of which is an onerous tax upon the worker. Hazard has also played as large, if not so conspicuous, a part as war in reducing labour to the condition of dependence and distress. The liberty of self, wife, and children, in barbaric times, was often staked. And when this was not done, borrowing to prolong play was practised, as to-day in Turkey and in some Christian and even republican countries, upon conditions and at rates which can have no termination but in life-long bondage or peonage. To relieve present distress, or deluded by the hope of acquiring the ability to live by others' labour, many people to-day, who would despise the mere gambler, fall into a similar fatuity, and wake from it only to find themselves slaves to the power they expected to use to lay others' labour under contribution.

I am not urging sympathy for these dupes. I am only pointing out some of the causes, still in operation, which have resulted in making the few the actual masters of labour, and given them the ability to purchase wealth without work of their own. In our country and time we do not enforce gambling debts as they do in Turkey; but we do enforce contracts to pay interest, often just as oppressive, and only outwardly less barbarous and inhuman.

In thus tracing the working of these crude methods, we find that the productive labour of our time has its inheritance, through the wage system, serfdom, and slavery, from primitive subjection to force; or through speculative trade, from the hazard which ruined

the victim without permanently benefitting the winner. It is not important to our purpose to inquire whether the plunderers or plundered are more to blame, or the greater sufferers. This is plain; with the land in the hands of the hereditary or speculative lord, the labourer has no resources for self-employment, however fit or unfit he may be.

The working-man can obtain independence now only by the possession of exceptional powers, or by special good fortune, and then only through schemes and operations which raise one at the expense of many.

The inheritance of the property class consists of a transmission of power attained by forceful conquest, or by the varied forms of hazard, fraud, and corruption. With their wealth they inherit generally the tendency to take advantage of the necessities of others, and to apply new methods of overreaching when the spirit of progress will no longer tolerate the old ones.

I do not make this application to individuals, but only to those given to the shrewd use of wealth; well I know that many *parvenus* far outdo, in management, those who inherit wealth.

In this country we have changed some things to suit republican prejudices. For instance, our land is no longer entailed in a family. Yet it is all falling into the hands of a class; and although the great fortunes sometimes change to other hands, they are controlled by those with still greater, and their attitude and relation to industry remain the same. Of the large fortunes now enjoyed in New York and New England, many had their foundations laid by successful privateers and slave traders; and by other methods no less discordant with principles of natural justice.

The immense fortunes made by two well-known citizens in the generation now past are quite exceptional, and yet they well illustrate the present divorced relation between work and wealth. In a certain sense, both were industrious workers. Each has said of himself that, when he worked in the ordinary way, his income was trifling. It was only after long struggle, in which many worthy men went to the wall, that their fortunes began to accumulate with great rapidity. Both were greatly indebted to our civil war, which reduced whole populations to poverty, left the nation three billions in debt, and sacrificed a million lives. It is also worthy of note that a great banker at our national capital was made rich by privileges granted him to trade during the Mexican war. When it is said in justification of these men that they did not go outside the acknowledged rules of business, it is admitting that our systems of trade, finance, etc., are essentially the same as in barbarous ages whose forms we have discarded.

Another great estate, also recently left in the city of New York, was mainly inherited, being now in the possession of the third generation. In mentioning these instances I disclaim any purpose of judging the men. They were what inheritance and environment made them. My only purpose is to show the irrational and fatal policy which places in the hands of any men, however good or great, the power to purchase, *ad libitum*, wealth with other people's work. I am quite well aware that for many years to come this remonstrance will remain measurably unheeded. The workers are so depressed with hardship, or so readily elated with the prospect of success in some exceptional field, that they are quite unwilling to look away from prospects of temporary relief to the consideration of broad questions of reform, even if they were less idiotically joined to party, labelled republican or democratic, by leaders who form a mutual ring, whichever party attains power, and conspire to make the plunder of public funds and public trusts a fine art.

But from the operation upon the public mind of works like those of Spencer, Mill, Lewes, and Ruskin, much is to be hoped. Our own country, also, has the names of men, not unknown to fame, who are deeply impressed with the importance of this vital social and ethical problem. Its development promises to take form like this :

First, As a civil right,—freedom of access to the soil and opportunity of self-employment ;

Second, As a principle of law,—the partnership of all concerned in the production of wealth requiring division of labour ;

Third, As a matter of commercial ethics,—equivalents of service in all exchanges.

In connection with these developments in the intellectual and ethical field, it occurs to me that there is a probability, at least, of a movement which shall greatly hasten the downfall of our barbarous system of division, and the approach of the era when *work* shall be the only recognized title to *wealth*. Within the present century, men like Robert Owen, Peter Cooper, Gerrit Smith, and many others who could be mentioned, have shown, with more or less success, that it is "noble to live for others," and that personal interests may be subordinated to social aims. It seems to me no dream of romance to indulge the faith that, at a time near at hand, a class of true men and women will arise and form an order, which will abstain from preying on the results of others' toil. These social knights-errant will scorn to rely on the efforts of others for their support, or to apply to their own use, in any way, that for which another has wrought. They will no more consider the necessity or

weakness of their toiling fellow a reason why they should overreach and plunder him, than would the model knight of the days of chivalry have considered that the weakness and defenceless state of a persecuted woman was a reason why he should outrage rather than protect her. These will organize industries on an equitable basis, promote emigration to districts where the exactions of landlords are less intolerable, and turn the current of many now questionable, though well-intended, charities into channels of self-employment and self-help. It is not too much to hope that they will be able ultimately to change the application of the vast amount of labour and wealth now expended in "plans of salvation" to save the souls of men in a future world, into a broadly beneficent measures of industrial organization and social renovation, and thus render possible the coming of the "kingdom of heaven upon the earth," under the equitable rule of which it "shall be given to every one according to his work."

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