

## CHAPTER 4 THE MAINTENANCE OF LABORERS NOT DRAWN FROM CAPITAL

But a stumbling block may yet remain, or may recur, in the mind of the reader.

But

As the plowman cannot eat the furrow, nor a partially completed steam engine aid in any way in producing the clothes the machinist wears, have I not, in the words of John Stuart Mill, “forgotten that the people of a country are main-tained and have their wants supplied, not by the produce of present labor, but of past”? Or, to use the language of a popular elementary work—that of Mrs. Fawcett—have I not “forgotten that many months must elapse between the sowing of the seed and the time when the produce of that seed is converted into a loaf of bread,” and that “it is, therefore, evident that laborers cannot live upon that which their labor is assisting to produce, but are maintained by that wealth which their labor, or the labor of others, has previously produced, which wealth is capital”?<sup>1</sup>

on what is labor to subsist until the product is completed?

The assumption made in these passages—the assumption that it is so self-evident that labor must be subsisted from capital that the proposition has but to be stated to compel recognition—runs through the whole fabric of current political economy. And so confidently is it held that the maintenance of labor is drawn from capital that the

This is a problem only because it is assumed that subsistence of labor comes from capital.

<sup>1</sup> “Political Economy for Beginners,” by Millicent Garrett Fawcett, Chap. 111, p. 25.

proposition that “population regulates itself by the funds which are to employ it, and, therefore, always increases or diminishes with the increase or diminution of capital,”<sup>2</sup> is regarded as equally axiomatic, and in its turn made the basis of important reasoning.

That implies the absurdity that labor cannot be exerted until the products of labor are saved.

Yet being resolved, these propositions are seen to be, not self-evident, but absurd; for they involve the idea that labor cannot be exerted until the products of labor are saved—thus putting the product before the producer.

And being examined, they will be seen to derive their apparent plausibility from a confusion of thought.

I have already pointed out the fallacy, concealed by an erroneous definition, which underlies the proposition that because food, raiment and shelter are necessary to productive labor, therefore industry is limited by capital. To say that a man must have his breakfast before going to work is not to say that he cannot go to work unless a capitalist furnishes him with a breakfast, for his breakfast may, and in point of fact in any country where there is not actual famine will, come not from wealth set apart for the assistance of production, but from wealth set apart for subsistence. And, as has been previously shown, food, clothing, etc.—in short, all articles of wealth—are only capital so long as they remain in the possession of those who propose, not to consume, but to exchange them for other commodities or for productive services, and cease to be capital when they pass into the possession of those who will consume them; for in that transaction they pass from the stock of wealth held for the purpose of procuring other wealth, and pass into the stock of wealth held for purposes of gratification, irrespective of whether their consumption will aid in the production

Subsistence cannot be capital because wealth ceases to be capital once it is in the hands of the final consumer.

<sup>2</sup>The words quoted are Ricardo's (Chap. 11); but the idea is common in standard works.

of wealth or not. Unless this distinction is preserved it is impossible to draw the line between the wealth that is capital and the wealth that is not capital, even by remitting the distinction to the “mind of the possessor,” as does John Stuart Mill. For men do not eat or abstain, wear clothes or go naked, as they propose to engage in productive labor or not. They eat because they are hungry, and wear clothes because they would be uncomfortable without them. Take the food on the breakfast table of a laborer who will work or not that day as he gets the opportunity. If the distinction between capital and noncapital be the support of productive labor, is this food capital or not? It is as impossible for the laborer himself as for any philosopher of the Ricardo-Mill school to tell. Nor yet can it be told when it gets into his stomach; nor, supposing that he does not get work at first, but continues the search, can it be told until it has passed into the blood and tissues. Yet the man will eat his breakfast all the same.

People will eat regardless of whether they propose to engage in productive labor.

But, though it would be logically sufficient, it is hardly safe to rest here and leave the argument to turn on the distinction between wealth and capital. Nor is it necessary. It seems to me that the proposition that present labor must be maintained by the produce of past labor will upon analysis prove to be true only in the sense that the afternoon's labor must be performed by the aid of the noonday meal, or that before you eat the hare he must be caught and cooked. And this, manifestly, is not the sense in which the proposition is used to support the important reasoning that is made to hinge upon it. That sense is, that before a work which will not immediately result in wealth available for subsistence can be carried on, there must exist such a stock of subsistence as will support the laborers during the process. Let us see if this be true:

To pursue the matter further, is it true that a stock of subsistence must exist before a project can be undertaken which does not immediately result in wealth for subsistence?

The canoe which Robinson Crusoe made with such

Consider Robinson Crusoe. In order to begin making a canoe, did he first need to accumulate food sufficient to maintain him until he completed it?

Of course not. He had only to devote part of his time to obtaining food while devoting another part to building the canoe.

The same principle applies in all cases—subsistence need not be accumulated before a project may be commenced.

We live on current production, not production from the past.

infinite toil and pains was a production in which his labor could not yield an immediate return. But was it necessary that, before he commenced, he should accumulate a stock of food sufficient to maintain him while he felled the tree, hewed out the canoe, and finally launched her into the sea? Not at all. It was necessary only that he should devote part of his time to the procurement of food while he was devoting part of his time to the building and launching of the canoe. Or supposing a hundred men to be landed, without any stock of provisions, in a new country. Will it be necessary for them to accumulate a season's stock of provisions before they can begin to cultivate the soil? Not at all. It will be necessary only that fish, game, berries, etc., shall be so abundant that the labor of a part of the hundred may suffice to furnish daily enough of these for the maintenance of all, and that there shall be such a sense of mutual interest, or such a correlation of desires, as shall lead those who in the present get the food to divide (exchange) with those whose efforts are directed to future recompense.

What is true in these cases is true in all cases. It is not necessary to the production of things that cannot be used as subsistence, or cannot be immediately utilized, that there should have been a previous production of the wealth required for the maintenance of the laborers while the production is going on. It is only necessary that there should be, somewhere within the circle of exchange, a contemporaneous production of sufficient subsistence for the laborers, and a willingness to exchange this subsistence for the thing on which the labor is being bestowed.

And as a matter of fact is it not true, in any normal condition of things, that consumption is supported by contemporaneous production?

Here is a luxurious idler, who does no productive work

either with head or hand, but lives, we say, upon wealth which his father left him securely invested in government bonds. Does his subsistence, as a matter of fact, come from wealth accumulated in the past or from the productive labor that is going on around him? On his table are new-laid eggs, butter churned but a few days before, milk which the cow gave this morning, fish which twenty-four hours ago were swimming in the sea, meat which the butcher boy has just brought in time to be cooked, vegetables fresh from the garden, and fruit from the orchard—in short, hardly anything that has not recently left the hand of the productive laborer (for in this category must be included transporters and distributors as well as those who are engaged in the first stages of production), and nothing that has been produced for any considerable length of time, unless it may be some bottles of old wine. What this man inherited from his father, and on which we say he lives, is not actually wealth at all, but only the power of commanding wealth as others produce it. And it is from this contemporaneous production that his subsistence is drawn.

The fifty square miles of London undoubtedly contain more wealth than within the same space anywhere else exists. Yet were productive labor in London absolutely to cease, within a few hours people would begin to die like rotten sheep, and within a few weeks, or at most a few months, hardly one would be left alive. For an entire suspension of productive labor would be a disaster more dreadful than ever yet befell a beleaguered city. It would not be a mere external wall of circumvallation, such as Titus drew around Jerusalem, which would prevent the constant incoming of the supplies on which a great city lives, but it would be the drawing of a similar wall around each household. Imagine such a suspension of labor in any community, and you will see how true it is that mankind really lives from hand to mouth;

Consider a wealthy idler, who does not work but lives on wealth his father had invested in government bonds. He is actually sustained by the food and other things produced much more recently. What he inherited is not actual wealth, but the power of commanding wealth produced by others.

If all labor in London were to cease, soon people would begin to die.

Mankind really lives from hand to mouth.

that it is the daily labor of the community that supplies the community with its daily bread.

Subsistence for workers engaged in production which does not directly yield subsistence comes from the simultaneous production of subsistence by others.

Just as the subsistence of the laborers who built the Pyramids was drawn not from a previously boarded stock, but from the constantly recurring crops of the Nile Valley; just as a modern government when it undertakes a great work of years does not appropriate to it wealth already produced, but wealth yet to be produced, which is taken from producers in taxes as the work progresses; so it is that the subsistence of the laborers engaged in production which does not directly yield subsistence comes from the production of subsistence in which others are simultaneously engaged.

Someone who has the power to produce subsistence, wants, directly or indirectly through a series of exchanges, the thing that is produced by the workers who are not producing subsistence.

If we trace the circle of exchange by which work done in the production of a great steam engine secures to the worker bread, meat, clothes and shelter, we shall find that though between the laborer on the engine and the producers of the bread, meat, etc., there may be a thousand intermediate exchanges, the transaction, when reduced to its lowest terms, really amounts to an exchange of labor between him and them. Now the cause which induces the expenditure of the labor on the engine is evidently that some one who has power to give what is desired by the laborer on the engine wants in exchange an engine—that is to say, there exists a demand for an engine on the part of those producing bread, meat, etc., or on the part of those who are producing what the producers of the bread, meat, etc., desire. It is this demand which directs the labor of the machinist to the production of the engine, and hence, reversely, the demand of the machinist for bread, meat, etc., really directs an equivalent amount of labor to the production of these things, and thus his labor, actually exerted in the production of the engine, virtually produces the things in which he expends his wages.

Or, to formularize this principle:

*The demand for consumption determines the direction in which labor will be expended in production.*

Demand for consumption determines what labor will produce.

This principle is so simple and obvious that it needs no further illustration, yet in its light all the complexities of our subject disappear, and we thus reach the same view of the real objects and rewards of labor in the intricacies of modern production that we gained by observing in the first beginnings of society the simpler forms of production and exchange. We see that now, as then, each laborer is endeavoring to obtain by his exertions the satisfaction of his own desires; we see that although the minute division of labor assigns to each producer the production of but a small part, or perhaps nothing at all, of the particular things he labors to get, yet, in aiding in the production of what other producers want, he is directing other labor to the production of the things he wants—in effect, producing them himself. And thus, if he make jackknives and eat wheat, the wheat is really as much the produce of his labor as if he had grown it for himself and left wheatgrowers to make their own jackknives.

In aiding production of what other producers want, each laborer is directing other labor to the production of the things he wants.

We thus see how thoroughly and completely true it is, that in whatever is taken or consumed by laborers in return for labor rendered, there is no advance of capital to the laborers. If I have made jackknives, and with the wages received have bought wheat, I have simply exchanged jackknives for wheat—added jackknives to the existing stock of wealth and taken wheat from it. And as the demand for consumption determines the direction in which labor will be expended in production, it cannot even be said, so long as the limit of wheat production has not been reached, that I have lessened the stock of wheat, for, by placing jackknives in the exchangeable stock of wealth and taking wheat out, I have determined labor at the other end of a series of

If I made jackknives and used my wages to buy wheat, I have added jackknives to the stock of wealth, and taken wheat from it.

I have directed labor elsewhere

to the production of wheat.

exchanges to the production of wheat, just as the wheat grower, by putting in wheat and demanding jackknives, determined labor to the production of jackknives, as the easiest way by which wheat could be obtained.

Plowing will not result in a crop for many months. But by assuring a future crop, it frees from the stock constantly held the subsistence of the plowman.

And so the man who is following the plow—though the crop for which he is opening the ground is not yet sown, and after being sown will take months to arrive at maturity—he is yet, by the exertion of his labor in plowing, virtually producing the food he eats and the wages he receives. For, though plowing is but a part of the operation of producing a crop, it is a part, and as necessary a part as harvesting. The doing of it is a step toward procuring a crop, which, by the assurance which it gives of the future crop, sets free from the stock constantly held the subsistence and wages of the plowman. This is not merely theoretically true, it is practically and literally true. At the proper time for plowing, let plowing cease. Would not the symptoms of scarcity at once manifest themselves without waiting for the time of the harvest? Let plowing cease, and would not the effect at once be felt in counting room, and machine shop, and factory? Would not loom and spindle soon stand as idle as the plow? That this would be so, we see in the effect which immediately follows a bad season. And if this would be so, is not the man who plows really producing his subsistence and wages as much as though during the day or week his labor actually resulted in the things for which his labor is exchanged?

And if the plowing were not done when needed, other kinds of production would promptly cease. So the plowman is really producing his own wages.

Where there is unemployed labor, lack of capital will not prevent a landowner from hiring it if his land can produce a marketable crop.

As a matter of fact, where there is labor looking for employment, the want of capital does not prevent the owner of land which promises a crop for which there is a demand from hiring it. Either he makes an agreement to cultivate on shares, a common method in some parts of the United States, in which case the laborers, if they are without means of subsistence, will, on the strength of the work they

Credit will be available to provide for the workers' subsistence.

are doing, obtain credit at the nearest store; or, if he prefers to pay wages, the farmer will himself obtain credit, and thus the work done in cultivation is immediately utilized or exchanged as it is done. If anything more will be used up than would be used up if the laborers were forced to beg instead of to work (for in any civilized country during a normal condition of things the laborers must be supported anyhow), it will be the reserve capital drawn out by the prospect of replacement, and which is in fact replaced by the work as it is done. For instance, in the purely agricultural districts of Southern California there was in 1877 a total failure of the crop, and of millions of sheep nothing remained but their bones. In the great San Joaquin Valley were many farmers without food enough to support their families until the next harvest time, let alone to support any laborers. But the rains came again in proper season, and these very farmers proceeded to hire hands to plow and to sow. For every here and there was a farmer who had been holding back part of his crop. As soon as the rains came he was anxious to sell before the next harvest brought lower prices, and the grain thus held in reserve, through the machinery of exchanges and advances, passed to the use of the cultivators—set free, in effect produced, by the work done for the next crop.

The series of exchanges which unite production and consumption may be likened to a curved pipe filled with water. If a quantity of water is poured in at one end, a like quantity is released at the other. It is not identically the same water, but is its equivalent. And so they who do the work of production put in as they take out—they receive in subsistence and wages but the produce of their labor.

Reserve capital will be drawn out by the prospect of replacement, as illustrated in 1877 in Southern California.

They who produce receive, in subsistence and wages, the produce of their labor.