

~~We invite the advocates of the new policy to come and put it on some firm and definite foundation. We desire to enlist the young men of the time in the study of such subjects as are germane to this society. The Barrington Lectures Trust has been of great service in promoting such studies. The trustees have been fortunate in selecting Mr. Oldham as Barrington Lecturer. His lectures have already done much to stimulate intelligent thought on social matters in the places where he lectured. But the number of other gentlemen who competed for the place he holds, about 70 in all, shows that there are many young men who give economic questions a place in their studies, and the papers read by the other competitors were of marked ability. I take the liberty of saying I hope much from the accession of Mr. Oldham, and the other men of a younger generation to this society. It will be for them to widen its doors, to extend its influence, and make this floor an attractive place for the discussion of the topics of the day. If we could succeed in getting representatives from every class interested in the work of this society, there is no reason why we should not make a parliament for ourselves where we might discuss together all social questions in which Irishmen have any interest.~~

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II.—*The Fluctuating Character of Modern Employment.* By  
C. H. Oldham, B.L.

[Read Tuesday, 28th January, 1896].

WHEN I was asked to write a paper for this meeting of the Society it happened that I was myself engaged upon the study of the economics of machine production. I could not but feel, while thus occupied, how much Political Economy is unfairly discredited by the fact that the authoritative text-books within the reach of the ordinary reader are quite out-of-date upon many modern problems of great urgency and interest. Rightly viewed, the discovery by later writers that doctrines of older authorities are untenable is encouraging evidence that an advance has been made in the direction of Truth. The refuse-heaps left behind as the work of gold-mining goes forward happen to shut out from the view of the onlooker the true ore at which the gold-diggers are working; but the poor quality of the refuse should not be taken as a measure of the value of the rich ore now in process of extraction.

There is a noticeable change of tone in the modern writers. The optimistic, doctrinaire manner of the superior person who condescended to explain the Laws of Progress to former generations has been superseded by the earnest, student-like, rather pessimistic attitude of the modern inquirer who is conscious of the extreme complexity of his problems, and diffident in giving dogmatic assertions.

The fluctuating character of modern employment is one of the

features of the industry of our time that may serve to illustrate this change of tone. But it may be well to mention at once that Professor Marshall has inserted in the new edition of his *Principles of Economics* (Vol. I., pp. 736-7) some words of warning on this subject;—

“Inconstancy of employment is a great evil, and rightly attracts public attention. But several causes combine to make it appear to be greater than it really is. . . . There is a strong temptation to overstate the economic evils of our own age, and to ignore the existence of similar and worse evils in earlier ages; for by so doing we may for the time stimulate others, as well as ourselves, to a more intense resolve that the present evils shall no longer be allowed to exist. But it is not less wrong, and generally it is much more foolish, to palter with truth for a good than for a selfish cause. And the pessimist descriptions of our own age, combined with romantic exaggerations of the happiness of past ages, must tend to the setting aside of methods of progress, the work of which if slow is yet solid; and to the hasty adoption of others of greater promise, but which resemble the potent medicines of a charlatan, and while quickly effecting a little good, sow the seeds of widespread and lasting decay.”

I had an occasion recently to read a paper by Mr. Henry Barcroft, D.L., of Newry, which he read to a small local society in March, 1891, shortly after the opening of the new Forth Bridge. His object in this paper was to show the bearing upon the general problem of “Depression in Trade,” of the growth in modern times of a great class of casual labourers who gain a living by working upon gigantic new works of permanent construction, of which this Forth Bridge was a colossal example.

It will help to throw the essentially modern character of this new class of workmen into greater relief if we consider first an extract from Mill’s *Principles of Political Economy* (Bk. i., chap. v., § 6). About half-a-century ago Mill wrote:—

“The greater part in value of the wealth now existing in England has been produced by human hands within the last twelve months. A very small proportion, indeed, of that large aggregate was in existence ten years ago; of the present productive capital of the country, scarcely any part, except farmhouses and manufactories, and a few ships and machines, and even these would not in most cases have survived so long if fresh labour had not been employed within that period in putting them into repair. The land subsists, and the land is almost the only thing that subsists. Everything which is produced perishes, and most things very quickly. Most kinds of capital are not fitted by their nature to be long preserved. There are a few, and but a few, productions capable of a very prolonged existence.”

Now, I have nothing to do here with Mill’s argument; he is establishing one of his well-known propositions respecting Capital—that Capital is kept up, not by preservation, but by perpetual reproduction. But we read here the language of one writing before the date of Railways, of great Ship-canals and Docks, of great mountain and river Tunnels, and the like great permanent works of construction such as to-day have become commonplace incidents in the course of industrial enterprise. We are led to the reflection that the desire for dividend is modern. There exists now a universal

demand that a yield should be had from labour bestowed on permanent works; and capital is readily forthcoming for investment in structures, such as the Manchester Ship Canal, if there is any conceivable prospect of the projects paying interest on the investment.

This modern phenomenon of colossal undertakings, in the form of permanent structures, may be considered as the source of several consequences. Mr. Barcroft finds it connected with the recurring "Depression of Trade," which itself is the fruitful source of grievous fluctuations in modern employment. The sudden demand for enormous quantities of materials of diverse kinds, created by the decision taken to commence one of these gigantic structures, is a powerful disturbance in the ordinary course of trade. As the cost of material (such as timber, stone, iron, cement, &c.,) is mostly caused by the wages paid to workmen who are employed to get ready and to transport this material, we can understand that the wave of industrial activity caused by the starting of such works spreads far away beyond the gangs of workmen who are congregated together for the actual work of construction on the spot. Thus in the Forth Bridge upwards of 50,000 tons of steel have been put into permanent position, not to mention vast quantities of cement and other materials. Consider now that this was the first time in which steel was so largely used in a permanent structure; and that two tons of coal have to be consumed in the manufacture of one ton of iron, burnt in smelting and afterwards in preparing the iron for market. We perceive at once that when the construction of that gigantic bridge came to an end the iron and coal trade experienced a proportionate collapse in demand. And so in other directions. The new Underground Electrical Railway in London is lined with iron instead of brick, and 30,000 tons of iron have thus been demanded for a class of undertaking which has never before required this material.

But another consequence is seen in those great gangs of workmen on the spot. They are representatives of an essentially modern occupation,—the *Navy Class*: those who are building, excavating, or constructing, in order to form permanent works intended to facilitate ordinary business, and not to be consumable. These men are to be regarded in the light of casuals in the world of labour. I cannot give you statistics of the various occupations of modern life, particularly of those who receive wages. But if it be true that the proportion between labour of this "Navy" type and the ordinary labour of supply, including agriculture and service, is changing by the growth of the "Navy" type at the expense of the others, it will be obvious that the conditions of livelihood in modern times will present anxieties and problems upon which writers like Mill, belonging to a different age, cannot afford us either light or leading.

Thus, quoting once more the Forth Bridge as a typical example, its erection absorbed the immediate labour of 2,500 men on the spot for seven years. What has since become of those 2,500 men who during those years were enjoying the highest wages which that class of employment afforded? Casual employment of that type is a modern phenomenon. We observe that great local works are

authorised by succeeding Parliaments which, in a similar way, give employment to large numbers of men for limited periods only. We find that casual workmen have never failed in numbers, and are constantly available for all the undertakings now in progress. From the standpoint of fifty years ago, these facts are somewhat startling in their significance. We can hardly dispute the conclusion that the sources of income to great numbers of working people, separated from the cultivation of the land, are to-day more uncertain and more subject to change than in the days prior to the commencement of railway construction.

If we ask the question, Where did this numerous class of casual labourers come from? we are led on to another feature of modern industry that touches the subject of the present paper. The displacement of labour on the introduction of machinery into a branch of industry is a change; but it is not a fluctuation. The displacement will be probably also a substitution; for not only are fewer hands required to do the work with machinery but also a different, and often a lower, class of skill is now required from the machine-worker. So immense industries, such as weaving, are now women's work which formerly were done by men. Even if we allow for the auxiliary industry of machine-making and repairing, called into existence, it will still obtain largely that in every case of the introduction of machinery, or of improved machinery, there will occur a net displacement of labour, and men will have to abandon one form of industry and to find employment in others. Now, if this introduction of machinery was going on, more or less, in all branches of industry at the same time, the question arises, Where have these displaced workmen gone to? What I suggest is that the latter question to some extent answers the former.

Does the change due to the first introduction of machinery favour regularity or irregularity of employment? One would think that the great factory, with its expensive plant, must be a standing guarantee of regular work, based on the self-interest of the employer. But Professor Nicholson has shown that

“Great fluctuations in price occur in those commodities which require for their production a large proportion of fixed capital. These fluctuations in price are accompanied by corresponding fluctuations in wages and irregularity of employment.” (*Effects of Machinery on Wages*, p. 66.)

In fact, although regular working would be the interest of any one producer of machine goods, the chaotic competition of factories with factories is governed by wider industrial forces that compel him to irregularity in spite of his interest. This result is the more remarkable when we consider a further fact, viz.—that the greatest economies of machine production are found in industries where the demand is largest, steadiest, and most calculable. Hence, labour displaced by machinery is driven from a steady employment, and is certain to be more required in trades connected with luxuries and fashion, whose fluctuating nature would nullify the economies of machinery. On the whole, therefore, the displacement of labour by machinery is a shifting in the direction of irregularity of employment.

I do not mean to imply that when workmen are driven from one industry by machinery, that they are driven always into casual employment like that of the "Navy" Class. That would point at machinery as being the sole creating cause of all these fluctuating employments. Machinery and Steam combined have also created in the modern world the enormous Transport industries, and our world-wide commerce. Now it may be doubted if there ever existed a form of labour that receives such steady employment as the labour engaged in Railway-work, and other kinds of Transport. These new employments are men's work, and must account for much of the displaced labour we were speaking of. The great emigration of modern times accounts for nearly all the rest; and the industry of emigrated labour in new countries is that of "settlers."

But in the modern world causes and effects are intertangled with a complexity that baffles general assertions. I have seemed to digress by alluding to the steady employment given by the great modern trades of Transport, so great and so modern that Professor Marshall characterizes them as "the representative industries of the second half of the nineteenth century, as the manufacturing trades were of the first half." But in company with these great Transport trades has arisen the world-market, which has transformed the conditions of industry, and powerfully contributes to increase the fluctuating character of modern employments.

The tendency in production is all towards specialization and localization of trades, so much so that one country (or perhaps one group of towns) tends to produce the greater part of all the goods of a certain sort which are consumed throughout the world. The "Territorial Division of Labour" that is at present in process of development may or may not result finally in a greater stability of employment. But in the present time of transition and of adaptation the effects are all the other way. The world market has probably led to greater fluctuations in modern employment than any other circumstance of the time. These fluctuations seem at present to be inseparable from this modern organization of trade. The alternation between highly stimulated and deeply depressed production beats like a tremendous, undulating pulse through the whole world of industry. In the famous words of Lord Overstone, the state of trade—

"revolves apparently in an established cycle. First we find it in a state of quiescence—next improvement, growing confidence, prosperity, excitement, overtrading, convulsion, pressure, stagnation, distress, ending again in quiescence."

The truth of the matter is not clear. But it may be hoped that this liability of world-trading to frequent and often furious fluctuations is characteristic of a period of transition. Exaggeration of language is to be avoided in any useful discussion of the problem. The wide separation between producers and consumers has made the possibility of error in relating supply to demand very great. Production no longer waits for orders, but anticipates demand; goods are produced for a general market, and upon a calculation of the quantity probably to be required; and these calculations are so

difficult, or are concerned with elements so little understood, that many traders do not very well know what they are doing, so business becomes speculative and haphazard. The work of conducting manufacturing and commercial enterprises has become so difficult, requires so much special training, and such a rare combination of natural qualities, including intellect of the highest order, that the supply of men who can do the work and get the high earnings of such competent business management has not been hitherto sufficient. But there is every reason to expect that this failure in the modern organization of industry will not continue. The whole problem is lucidly dealt with in General Walker's *Political Economy*, and in Mr. J. A. Hobson's *Modern Capitalism*; but students will hardly expect to be satisfied by any of the text books upon a matter which is at present beyond the grasp of economists.

A further characteristic of this era of machine-production that is more directly responsible for the recurring "Depression in Trade" may be bluntly stated as a fact:—That there exists in all the important machine-industries a considerably larger quantity of plant and labour than can be kept profitably employed. In other words, the power of producing commodities is gravely in excess of the current rate of consuming commodities. Thus over-production is only avoided because machinery and labour is kept under-employed. Or, to turn the thing round, under-consumption is the economic cause of unemployment. I have so recently lectured in Dublin upon this topic, and its elucidation raises so many controversial points of divergence from the teachings of Mill and the older writers, that I make no attempt to establish these statements in the present paper.

But one remark may be made. The commercial panics and returning cycles of over-trading referred to by Lord Overstone's words, above quoted, are due to the miscalculations and speculative business of the transition towards the so-called world-wide markets of modern commerce. As the able men who undertake large business management become familiar with this New Commerce it will become organised on settled lines and such commercial storms will tend, we may hope, to disappear. But the causes which bring about the permanent excess of producing-power, with its attendant evils of waste and unemployment, appear to be traced to an opposition between the private interests of individuals and the interest of the whole community, which does not promise to right itself automatically.

This would seem to be the economic factor in modern life which is compelling all modern machine-using countries, like Germany, France, Italy, to follow the path travelled by England before them, of discovering "new markets" which they called Colonies. But when there are no more new markets to be opened up, a conflict will be inevitable between the individual and the community, and we can, to some extent, anticipate the nature of the burning questions of the coming century.

Two aspects of the danger to society caused by these trade fluctuations may be mentioned. One is that people are liable to suffer

disasters from events over which they have no control, and in regard to which they could have had no prior warning. The cotton famine in Lancashire caused by the civil war in America may serve as an example. The consequences to the food-supply of England resulting from a possible rupture with the United States of America may serve as a speculative parallel.

The other is the position of the workmen in a modern manufacturing concern in a period of declining trade. The entrepreneur, or employer, organizes and conducts the business with a view to the profits which he hopes individually to realise. Perhaps to obtain a net profit of £4,000 he leases premises, borrows capital, and hires labour requisite to achieve an annual product of £100,000. If now trade turns bad and only a small part of his stock remained unsold, that small defect is enough to sweep away all his personal profit. If he foresees any chance of such a result, it will be his immediate interest to produce but £80,000 or £70,000 worth of product. Therefore, in his anxiety to save himself, he will abruptly contract his production, leaving some part of his labourers without work or wages. There is no guarantee to the workman of permanence in his employment. In "hard times" the employer who is alive to his position can protect himself, by leaving the workman to walk the streets among the Unemployed.

In this short paper I have endeavoured to establish the existence of a fluctuating character in modern employment by noticing the sources from which the fluctuations come. But we must recollect that many kinds of employment exist which do not partake of this irregularity. Let me summarise briefly what we have been noticing:

(1.) The "Navy" Class of casual labourers is essentially modern; due to the modern desire for dividend, yielded by great permanent structures that are not consumable.

(2.) Steady staple industries are absorbed by machinery, shifting labour into the more unsteady trades that must still depend largely on hand-labour.

(3.) Machinery brings competition of factories with factories, the world-market, and manufacturing for future demands. Hence speculative business, and over-trading, leading to commercial panics and collapses.

(4.) Continual improvement in machinery offers inducements to individuals to erect more producing plant than the community can profitably keep working. So a few years of full-time working precipitates an over-production which it takes many years of short-time working to clear off.

(5.) In these fluctuations the employer, who is alive to his position, can often save himself by sacrificing the chance of steady employment of a part of his work-people. The fluctuations are a labour problem of the first importance.

No one will question that fluctuations in wages and discontinuities in employment are two of the greatest evils which can befall the labouring classes. Professor H. S. Foxwell gave a lecture in 1886 on *Irregularity of Employment and Fluctuations in Prices*, which has since been published. He points out in detail the

deterioration in character and efficiency which comes to the labourer from such a hand-to-mouth existence. But it is one of those matters which require restraint in language and minute investigation of facts for useful treatment. Professor Nicholson has also treated the question in the *Economic Journal* for June, 1892. As I have not been able yet to get either of these essays in Dublin I prefer to leave the subject with these references.

Two practical considerations will suggest themselves. The higher scale of pay, which is appropriate for a fluctuating employment, affords no protection to the workman unless he has the foresight to save a part of his wages when in employment as a provision for the weeks during which he will be left without employment. The Trade Union benefit of out-of-work pay is something; and to many workmen, I suppose, their Trade Union is the only form of thrift that they practise. Even that little beginning of prudent foresight is absent from most, for the number who belong to Trade Unions is small. From this point of view, the work of Trade Unions as a development of self-help will merit the approval of all.

A further consideration is the very great importance of assisting the improvement of the *mobility* of labour. The mobility of capital has been increased enormously in modern times, and no daily newspaper can afford to cater for the public to-day which does not devote a great part of its news-space to the financial intelligence upon which the mobility of capital depends. We have seen that labour is more liable to suffer from fluctuations in employment than capital; yet, so backward is the mobility of labour, that no newspaper has yet seen its way to cater for the wants of labour as it does for capital. In some countries the Labour Bureau has already become a settled State department, whose express function is to assist the mobility of labour. But it is obvious that much remains to be done. I know no other direction in which workmen have such an immediate interest and so just a claim to look for State assistance. This is the clogged wheel that impedes the progress of our civilization. Until labour can acquire greater freedom of movement, from place to place and from avocation to avocation, the forces that ought to make for the progress of Society will expend the greater part of their strength in smashing the machinery that they were intended to keep moving.

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III.—*A Suggestion for the Removal of Taxes on Litigation in Ireland as a Condition of the Reduction of the Judicial Establishment.* By Arthur W. Samuels, Q.C.

[Read Friday, 7th February, 1896.]

THE rumour that the Treasury officials have determined to promote a Bill for the reduction of the judicial staff in Ireland has been gaining consistency. A general *claque* of approbation of the proposal has been raised by the English Press, and the Government is urged to auspicate its proceedings by depriving this country of an