

[Lecture 6]
The Iron Law of Wages, The Poor Man Pushed to the Wall
[Early Modern Period, Late 1700s]

Earl Clement Davis

Pittsfield, MA

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The great influence of the Methodist Revival in the direction of Philanthropic activity can hardly be too much emphasized. Fundamental in the movement was the idea that faith in Christ must express itself in downright honest endeavor to care for the poor and the outcasts. Not merely to feed them but to help remove the conditions which fostered poverty and sin. We are not surprised to see George Whitefield devoting all his energies to founding and supporting an orphans asylum in Georgia, and that upon his labors depended not less than a hundred orphan children for their daily bread; that all his spare time was devoted to charitable labors.

Not less zealous was Wesley. He was engaged in many lines of work which are now carried on by the Salvation Army. Starting relief work for the unemployed, organizing systematically for gifts of food and clothing to the poor, starting a "poor man's bank," or a medical dispensary. Another line of his activities is suggested by a record of Feb. 3, 1733:

I visited one in the Marshalsea Prison, a nursery of all manner of wickedness. Oh Shame to man that there should be such a place, such a picture of hell on earth! ...

On Friday or Saturday I visited as many more as I could. Some I found in cells underground; others in their garrets, half-starved both with cold and hunger, added to weakness and pain. But I found not one of them unemployed who was able to crawl about the room. So wickedly, devilishly false is that common objection: "They are poor only because they are idle." If you saw these

things with your own eyes, could you lay out money in ornaments and superfluities?¹

These illustrations suggest the field of the movement in so far as it touches upon the questions of poverty and crime and sin. Green, in his history says of the movement,

...[B]ut the Methodists themselves were the least result of the Methodists Revival. Its action upon the church broke the lethargy of the clergy; and the "evangelical" movement which found representatives like Newton and Cecil within the pale of the "Establishment," made the fox-hunting parson, and the absentee rector at last impossible. In Walpole's day the English clergy were the idlest and most lifeless in the world. ... In the nation at large appeared a new moral enthusiasm, which, rigid and pedantic as it often seemed, was still healthy in its social tone, and whose power was seen in the profligacy which had disgraced the upper classes; and the foulness which had infested literature ever since the Restoration. A new philanthropy reformed our prisons, infused clemency and wisdom into our penal laws, abolished the slave trade, and gave the first impulse to popular education. (Green, Vol IV, p. 150.)²

It is a mistake to suppose that the Revival was the cause of all this great reform, which ushered in the [sic] Modern England. It was a part of it, and an important part of the great intellectual, social, moral, and religious awakening, which is building up the modern world. But our interest tonight is to look at this awakening from the point of view of the laboring man, and the poor man. How did he fare in these great reforms that were taking place?

¹ *The Works of the Reverend John Wesley*, J. B. Wesley and T. Jackson, eds., London: Mason, 1829. Vol. 2, p. 279-280.

² I can confirm that this quotation, from the start through "literature ever since the Restoration." It is from John Richard Green's *History of the English People*, Cambridge: Belford, Clark, 1886. Vol. 4, p. 273. The last sentence, "A new philanthropy ..." I cannot find in the editions of Green's history I have available. This may also explain the discrepancy in page numbers.

We find here as elsewhere that the poor workman had to bear the hardship of the great industrial and social revolution which was taking place in England as elsewhere. We remember how in the days of Queen Elizabeth the Government assumed all control of regulating industrial affairs, and even of determining wages and conditions of labor. But of this plan there came no relief to the laboring man. So the laboring man cast his lot with the Puritan in the overthrow of the Gov't, which did not help. Now under the rule of the House of Hanover, we find that instead of the Government's control of industrial affairs we find a strong policy at work which said, "Hands off. Let them shift for themselves." Let the people most closely connected with these ideas adjust their own affairs as best they can. In fact so strongly entrenched had this idea become that it found expression in the writings of Adam Smith, the first and greatest exponent of the "Laissez faire" doctrine. In his *Wealth of Nations*, published in 1776, "he urged that the true way for a nation to become rich is to leave its citizens free to conduct business as they wish." (Bullock, *Intro to Study of Economics*, p. 481.³)

This book [Smith, *Wealth of Nations*] which is based upon this idea gave some authority to what had already been a matter of common practice for years. Although the Elizabethan poor laws, and the Law of Apprentices, had not been repealed, they had been inoperative for years, and so far as all practical purpose were concerned they occupied a position somewhat similar to our old blue laws, of early days, which in many places are still on the statute books. When Smith published *The Wealth of Nations*, he gave a new impetus, and brought into discussion, and developed the significance of an idea which had been the working basis of industrial and commercial life for many years. Perhaps I can suggest the reason and the significance of this "Let alone idea" which was characteristic of the developing ideas of the 18th century. The indifference of the Gov't and the nobility to affairs which did not directly affect their pleasures, and left the laboring and manufacturing classes

³ Charles Jesse Bullock, *Introduction to the Study of Economics*, Silver, Burdett and Co., 1897. p. 473. Perhaps, Earl Davis' page reference is to a different edition.

to go their own way indefinitely. The result of this negligence on the part of the Gov't had been the development of industrial activities independent of its influence, just as the negligence of the established church had given opportunity for the rise of Methodism.

It is not easy to get a picture of conditions at any particular time in history, but it seems to be true that the Methodist movement had done a great deal towards relieving the extreme conditions of poverty and suffering, and that the general awakening had made the lot of the pauper and the laborer quite comfortable. Gibbins in his *Industrial History of England* says that this period just before 1776 was one of encouragement.

... [N]either the agricultural laborer, nor the manufacturing operative was quite divorced from the land. The weavers, for instance, often lived in the country, in a cottage with some land attached to it. But in other respects there had certainly been changes in the industrial system before 1760. At first the weaver had furnished himself with warp and weft, worked it up and brought it to the market himself; but by degrees this system grew too cumbersome, and the yarn was given out by merchants to the weaver, and at last the merchant got together a certain number of looms in a town or village, and worked them under his own supervision. But even yet the domestic system, as it is commonly called, retained in many if not in most cases the distinctive feature that the manufacturing industry was not the only industry in which the artisan was engaged, but that he generally combined with it a certain amount of agricultural work in the cultivation of his own plot of land. This fact explains to some extent the comparative comfort of the operative in this cottage industry, for that they were fairly well off is the testimony of Adam Smith in 1776." (Gibbins, *Industry in England*, p. 336.⁴)

⁴ Henry De B Gibbins, *The Industrial History of England*, Methuen, 1904, p. 336.

Under these conditions of cottage manufacturing, or small industrial plants, the free competition was not altogether a bad plan, and it showed some sagacity on the part of the writer of the *Wealth of Nations*, when he made the "Hands off" idea fundamental in his economic system. It rests upon the same idea that we found to be at the bottom of the Methodist movement. In theological terms the individual was free to repent, believe, and be saved. He might stay in his life of sin if he wished, but the opportunity had been given him to enter into salvation, and it was his own fault if he did not avail himself of the opportunity. It was the extreme individualistic interpretation of religious life that is behind the doctrine of conversion. The same idea interpreted in terms of political economy said, "Go to work, earn money and become well-to-do. The government does not hinder, the opportunity is before you. If you accept it, you are all right. If you do not accept it you are to blame for your suffering and poverty." This, I take it, is a clear statement of the essential idea of the free competition in labor which Lassalle in later years called the iron law of wages.⁵

In fact this law is very satisfactory for those who are on the upward wave, but it is a cruel and discouraging proposition for the dregs of the labor market, for those who for one reason or another are down or thrown out of employment. That theological doctrine of repent, believe and be saved is offers [sic] a very cheerful future for him who becomes assured of his salvation, but the outlook is very gloomy for those who are too degraded even to repent. Every system must give account not only for those it helps, but for those it crushes. This "hands off" policy of free competition had to give an account for the crushing grinding cruelty which followed in its trail when the great industrial revolution of the latter part of the 18th century was underway.

We pass now to mention that, and note its relations to the "hands off" doctrine of "Political Economy." The whole problem of manufacturing was revolutionized by a series of

⁵ Ferdinand Lassalle (1825-1864), German jurist, philosopher and socialist, is remembered for, among other things, his "iron law of wages," which was picked up by Karl Marx in his work.

inventions which followed, one upon another between 1770 and 1785.

In 1770 James Hargreaves patented a jenny, by which he was enabled to spin at first 8 times, then 16 times and finally 120 as many threads as he had been able to do with old hand spinning wheel. In 1771 Arkwright established a mill at Derwent in which he made use of water for turning his spinning machine. In 1779 Thomas Bolton combined the ideas of these two machines into the spinning mule. So successful were these mules that in 30 years over four and one half millions of spindles worked by mules were in use in English factories.

But in 1785 Dr. Edmund Cartwright invented and patented a power-loom for weaving. This was a fatal blow to the simple domestic system of manufacturing. "The death blow," says Gibbins "was yet to come." In 1785 the steam engine, which had been invented in 1769 by Watts [sic] was installed in a factory at Nottinghamshire. Here are the three elements of the modern factory, the spinning mule, the loom, and steam power. These inventions revolutionized the industrial life of England.

The immediate effect of this revolution was to increase the wages of the laborer, but this was only a temporary thing. The old principle of free competition, and "hands off" which had worked with some satisfaction, now became almost a death grapple. It was war to the end, and when the scuffle was over, and the smoke had cleared away, the old domestic system of manufacturing had passed away. Factories were running, manufacturing cities were being established. The capitalistic class had become a fixed thing, and the poor laborer was left gasping and struggling, amazed at his condition.

I must spend some few minutes in showing the condition in which the laborer found himself after the introduction of machinery and the establishment of factories by men who believed in the principle of free merciless competition of the "Laissez faire" doctrine of economics.

Absolutely free competition based upon the assumption that the laborer is merely an economic man is not a tenable

proposition in its practical workings under the system of manufacturing which the industrial revolution made possible. The greater working power of the single man when using a machine necessarily throws many of his fellow workmen out of employment. Thus the supply comes to exceed the demand, and the rate of wages is dropped. This continual practice on the part of the capitalist in making the misfortune of the less fortunate laboring man the fulcrum which he uses to reduce the scale of wages, and lift his own profits has been and still is used by businessmen without any compunction. The new made capitalists, the captains of the industrial revolution of the last quarter of the eighteenth century used this effective method in a most merciless and cruel manner. Their tactics in business were such as would hardly be tolerated today.

The employment of women and children in the new factories, and the great increase of the use of machinery had thrown so many laborers out of employment that the problem of pauperism again became a pressing one. In 1795 the Berkshire justices met together and besought the employers to pay better wages to their laborers. In as much as they did not feel it to be expedient to regulate the wages in accordance with the power granted them [by] the Elizabethan Act, in addition to urging the employers to more considerate treatment, they determined to make it the duty of each parish to give enough money to each person as a gift of charity so that he might have, together with his wages, enough to live on.

This proved a very bad step, for the employers taking advantage of the measure in many cases reduced the wages immediately and let the parishes take up the burden. The result of this custom was, says Arthur Young, was [sic] most demoralizing.

... [M]any authors have remarked with surprise the great change which has taken place in the spirit of the lower classes of people within the last twenty years. There was formerly found an unconquerable aversion to depend on the parish insomuch that many would struggle through life with large families, never applying for relief. That spirit is annihilated: applications of late

have been as numerous as the poor; and one great misfortune attending the change is that every sort of industry flags when once the parochial dependence takes place.⁶

The truth is that the avarice of the capitalists under this system of free competition had not only reduced the wages below the point of absolute necessities, but it had broken the walls of moral respectability and transformed the lowest laborer into a beggar, and a pauper.

But I will leave the condition at this point. In spite of the great moral, intellectual, industrial progress, of the 18th cen., and in spite of the rather satisfactory condition in which the laborer found himself about the middle of the century, the laboring man enters the 19th century in a condition about as hopeless as he had ever faced. He had lived under the feudal Baron, and became a half-starved brute in his hands. He had lived under the careful patronizing government of Queen Elizabeth and James 1st. But his condition had not been bettered. He had learned the bitter lesson of Laissez faire in the 18th century, only to find that the policy of "Hands off" would help only the strong man, while the economically weak man would be crushed in the fight. It had been a sad experience, but his lesson had been learned and in the next century he took the first step towards mending his conditions.

The old world has been left behind and we are now well over the threshold and in the new world. The authority of the King, the authority of the church have been cast aside by the laboring man. He has tried to stand alone, and has been knocked down. The next step is voluntary union for purposes of self-protection.

⁶ Arthur Young is quoted in William Cunningham's *The Growth of English Industry and Commerce in Modern Times*, Princeton: Princeton University Press, 1892, p. 502. Arthur Young (1741-1820) was an English agriculturalist.