

CHAPTER XIII.

PROVIDENCE—continued.INSURANCE — FRIENDLY SOCIETIES — TRADES
UNIONS.*I—Insurance Companies.*

INSURANCE OFFICES TAKE LARGE RISKS FOR SMALL PAYMENTS FROM MANY PEOPLE.—FIRE INSURANCE.—MARINE INSURANCE.—LIFE ASSURANCE.—LOSS IS LOSS.—LOSS IS NOT REALLY GOOD FOR TRADE.—FEW FIRES, FEW SHIPWRECKS, AND LONG LIFE WOULD MAKE INSURANCE CHEAPER.—WICKEDNESS OF CHEATING INSURANCE OFFICES.

ALTHOUGH **thrift**, or habitual saving, is sure to make people rich if it lasts long enough, there are some accidents and contingencies which prudent people take care to provide against. For these risks insurance companies are very useful. For instance, a fire would ruin one man entirely if it burned down his house or his warehouse full of goods: but a company which gets a small sum for many hundreds of such houses every year can pay the man his loss, and yet make a profit on the whole. The owner of a ship might be reduced to beggary if it sank to the bottom of the sea; but an insurance office, which has to do with thousands of ships, does not feel the loss. Very large shipowners do not insure their ships at all, for it is cheaper for them to run the risk than to pay insurance on a great many ships; but in a general way

it is prudent to insure against fire and wreck. There is another description of insurance called **life assurance**, which is very useful. A man with a fixed salary, or regular wages **insures his life**—that is, he pays so much a year to an assurance company, and in case of his death at any time after he has made the first payment, his family or his heirs receive certain sums agreed on. He might save more by investing the money in some other way if he lived long enough, but then he might die before he saved any, and the assurance company takes the risk along with many others, and the man's widow and family are sure of the money.

We must not, however, think, that when an insured house is burned down, or an insured ship full of insured goods is wrecked, that there is no real loss, because the insurers have got the value of them. The insurance money is **only the payment of the risk. Loss is loss.** The house and the ship and the goods, cost a great deal of money and labor, and will need as much to replace. People say foolishly, it is good for trade to have a new house or a new ship to build, and new goods to manufacture. According to that reasoning, it would be a good thing to destroy half the things that have been made, so as to create a demand for new. A heavy rain on a public holiday, which destroys the best clothes of thousands of people, is sometimes called good for trade, because it brings custom to many shopkeepers. But if people have to spend money on new bonnets, and hats, and dresses, they have less to spend on other things. **Nothing is really good for trade that is loss, or waste, or extravagance.**

And although insurance companies are very useful to take on their shoulders risks which would crush individuals, we must recollect that the cost of insurance depends on the number of disasters that are expected to take place. The fewer fires there are, the cheaper you can insure; the fewer shipwrecks there are, the less all the insured ships would have to pay. The

more healthy a climate is, and the more careful people in the country are of their health, and their lives, the less they would have to pay each year for every hundred pounds to be paid to their families at their death.

It is a **very wicked thing** to try to cheat an insurance company by setting fire to your own house, or sinking your own ship after having insured it for more than it is worth. Not only is it cheating the insurance company which only insures against **accident** to set fire to your house on purpose, but it endangers the lives in the neighborhood. And in sinking a ship many of the sailors' lives are often lost, as well as all the goods in it. And besides, if these dishonest insurers succeed, they make insurance **dearer for all the honest** insurers.

II.—Friendly Societies.

SICK PAY.—FUNERAL EXPENSES.—CALCULATIONS OF FRIENDLY SOCIETIES OUGHT TO BE VERY CAREFULLY MADE.—CO-OPERATIVE SOCIETIES.

Many working people do not invest in building societies, or pay for life assurance, but belong to what are called **friendly or benefit societies**, such as the Oddfellows, the Foresters, and others. A man pays so much a week—tenpence or a shilling—and if he is ill or unable to work, he gets the doctor of his Lodge, or society, to attend him, and so much a week until he is well again. The doctor is paid out of the funds of the lodge, and attends these patients at a cheaper rate, because he gets a number of certain patients, and is sure of his money. When a member dies, the lodge to which he belongs pays his funeral expenses. According to the rules of some of these societies, the sickness of the member's wife and children and their funeral expenses are also helped, but when there are more expenses likely to come on the lodge, the weekly payments of the members must be larger.

It is necessary that the calculations should be correct as to how much sickness and how many deaths are likely to come among so many members. The better the members understand figures the more likely they are to see mistakes. If they take an intelligent interest in the affairs of their society they are not likely to be cheated by clever, dishonest managers and treasurers. When members are ignorant and careless they expose themselves to great risk of being cheated.

Benefit societies are very useful for the risk of sickness, but they make no provision, as life assurance does, for the benefit of widows and little children, in case of the death of the bread-winner of the family.

Another means by which savings may be made useful is by **co-operation**, which means **working together**. Co-operative stores are shops where the people who buy buy from each other, and thus get a share of the profits of the sellers. Buyers at these stores ought always to be obliged to pay cash. People are often tempted to buy things which they do not want if they have not to give ready money, and long credit is a great temptation to extravagance. There is another kind of co-operation, which would be still more profitable than this co-operative consumption; that is **co-operative production**. If a number of workmen joined together to build houses or to make furniture, and could wait till the work was finished and sold, they would not only get full wages for their work, but their master's profit as well. But for this kind of co-operation all the tradesmen would need to have saved money on which to live while the work was going on, and they would also need to be good-tempered and honest to work fairly and pleasantly together without a master to give orders.

III.—*Trades Unions.*

REASON WHY TRADES UNIONS ARE WRITTEN ABOUT IN THIS PRIMER.—SOME OF THEIR OBJECTS MOST EXCELLENT.—PARTLY FRIENDLY SOCIETIES.—REGULATION OF WORKSHOPS.—SOME OBJECTS DOUBTFUL OR OPEN QUESTION.—LIMITATION OF HOURS.—SETTLING WHAT PAY THEIR MEMBERS SHOULD ACCEPT.—CAUSES WHICH RAISE WAGES.

There is another kind of association—trades unions—which cannot be passed over. Although this is only a little book for the use of schools, it is meant to explain not only the laws of the land, but some of the great natural laws which God has set over the world, and some of the influences which affect society even more than the actual laws which we live under. Trades unions are **associations of men belonging to any particular trade**, or more correctly speaking, **handicraft**, who agree to act together as they are directed by their elected council, and who subscribe every week money to pay the general expenses of the union. Some of these unions are very different from others. Most of them are friendly societies, providing a fund for sickness, for replacing tools lost and burnt, and an allowance when a member is out of work, and burial money in case of his death. All these objects are excellent. Another thing about which there can be no question is the right and the power of the trade union to insist on their employers making the **factories and workshops and mines wholesome and safe**. They can demand that there shall be sufficient pure air and space and protection from accidents, which no single workmen could do with so good a chance of success. But there are other points which trades unions try to carry out which are sometimes impossible and sometimes unwise, and on some of the questions the wisest men have not yet made up their minds. No one need suppose that there is not a great deal to be learned in

the world yet, and even a school primer must point out that there are some **open questions** which are not yet decided.

One of these doubtful points which trades unions try to carry is the **limitation of hours**. It may be right that nobody should be obliged to work more than eight hours a day, but the strongest trades union in the world cannot make the employer pay as much for eight hours' work as for nine, unless the workmen put so much more energy into the eight hours as to make the result as great. If factories and workshops produce less goods in eight hours than in nine, common sense, as well as political economy, says there should not be so much wages to receive.

Another open question is of still more importance—that trades unions should **settle what wages their members should accept**. Trades unions attempt to raise wages in good times and to prevent them from falling in bad times. It is true that since trades unions have been established wages in England have risen very much. If you recollect what we said in Chapter III., page 18, about the way prices rose in Spain when a great quantity of gold came into it after the discovery of America, you will understand that **this rise in wages** was partly due to the **great discoveries of gold** in California and Australia, which made all prices higher. If you also recollect what we said in Chapter IV., page 24, about the **increase of capital** or saved money, and the **effects of invention**, page 27, which makes each man's labour produce more, you will understand that this **would also raise the wages** of all work-people. The people whose wages have risen the most have been domestic servants and needle-women. These classes have had no trades unions. The domestic servants have become scarce because there is much factory work which women can do. The needle-women get better wages because the sewing-machine makes their work more valuable. Both these classes have benefited by the great increase of wealth

in England and in the colonies caused by the abundance of gold and the extension of foreign trade. There are always plenty of employers willing and able to pay well for their services. Working-men's wives give out more dresses to make than their mothers did, even though needle-women's wages are more than doubled. This is partly because they have more money to spare, and partly because the machine has brought into fashion more elaborately-made clothes.

WHAT IS A STRIKE.—A LOCK-OUT.—STRIKE PAY.—REASONS WHY STRIKES ARE OFTEN SUCCESSFUL IN GOOD TIMES BUT NOT IN BAD TIMES.—ADVANTAGES TO EMPLOYER, TO WHOLESALE MERCHANTS AND RETAILERS OF A LONG STRIKE.—OVER STOCK IS SOLD AT A HIGHER PRICE.—CONDUCT OF PROPRIETORS OF MELBOURNE "ARGUS" WHEN THREATENED WITH A STRIKE OF THE PRINTERS IN THEIR OFFICE.

The way in which trades unions try to carry their point for shorter hours or higher wages is by threatening to **strike work**. That means, that all the workmen belonging to the union refuse to work at all till the masters agree to what they want.

When one or more of the employers suddenly dismiss all their work-people to force them to take lower wages, or to agree to some other alteration, that is called a **lock-out**, and is nearly the same as a strike in its effects. But there is this difference, that the employers lose less than the workmen, for **if a man loses his day's work it is lost for ever**, and cannot be made up again. Lock-outs are much less frequent than strikes. Workmen's strikes sometimes last for many weeks, and even months. During the time the strike lasts, the money which was subscribed for sick pay and the other purposes of a friendly society is taken for what is called **strike pay**—a lower rate of pay than the usual wages—to enable the workmen to hold out without being starved. When there is a thorough union amongst the several trades, those who are not on strike give out of their funds to help those who are on

strike, and the associated unions often prevent a strike which they think foolish by refusing this strike pay.

A strike is often successful, when it is made for higher wages or shorter hours, **during good times**, when trade is brisk, and the masters have large orders for goods or contracts on hand which must be executed by a certain time. The loss, through disappointing their customers, would be worse than the loss through extra wages. But, when a strike is organized to resist a fall in wages **during bad times**, when the masters' factories and the merchants' warehouses are full of unsold goods, it is always an absolute loss to the workmen. They spend all their savings in keeping themselves alive in idleness, and they almost always have to submit to the masters' terms at last. The strike, at that time, is no great loss to the employer, who gets time to sell his goods at a better price than if there were no strike. He loses in the stopping of his costly machinery from working, but, in bad times, he must make a loss of some kind. The class of wholesale merchants and retailers gain largely by a strike, for it prevents the value of their stock from falling, as it would have done if wages had been lowered. When the price is lowered, a poorer class of customers come in to buy the article, and often, through becoming used to it, continue to buy even when the price rises.

A curious illustration of this subject is afforded by the case of the Melbourne *Argus* newspaper in the time of the diggings. The printers threatened to strike work if their pay was not raised from 1s. 6d. to 2s. per thousand letters set up. There were no other printers to be had in Melbourne at the time, and the newspaper must come out every day. The proprietors at once raised the wages to 2s. 6d. per thousand—that was 6d more than was asked—and, at the same time, advertised the high rate in every newspaper they published. This attracted labor. It made printers come from all the other colonies, and from England, to get such high wages, and there never was such a scarcity

again as that the printers could dictate what wages the **Argus should pay**. Perhaps if workmen threatened with a reduction of wages were to follow this example, and offer to accept still lower wages, they might **attract capital and enterprise** into the business that would cheapen the article so as to double the consumption, and thus raise the workmen's wages gradually to the old or even better rates.

SOME TRADES SHOULD NOT BE ALLOWED TO STRIKE.—LOSSES TO WORKMEN THROUGH STRIKES.—LIMITS TO THE NUMBER OF APPRENTICES.—FALLACY THAT SLOW WORK OR BAD WORK RAISES WAGES.—THE DEMAND FOR THE ARTICLE REGULATES THE VALUE OF THE WORK ON IT.—PIECEWORK.—MORAL RIGHT TO STRIKE, BUT NOT TO FORCE OTHERS TO JOIN STRIKERS.—OPEN QUESTIONS WILL BE SETTLED BY EXPERIENCE.

Nobody should be allowed to strike and stop work so as to endanger the lives and safety of other people. If the engine-driver and guards on a railway were to strike for higher pay (as they recently did in America), when the train was half-way on its journey, leaving the passengers to get out as they could, it would be little short of manslaughter. There are other things, such as letter-carrying, telegraph service, and gas supply, in which, if the workmen were to strike suddenly, the inconvenience and loss to the public would be enormous. Such strikes should not be permitted at all.

As a general rule, strikes, even when they are successful, are a loss. As we have already said, one man's day's work, if lost, is lost for ever. When we hear of fifty or sixty thousand people striking work for six weeks or two months, we know that they must have spent almost all their savings in that time, and that all the good things they might have made in the time are unmade. If they really do the injury to their employers' business that they think they are doing, they will have the less money to spend on wages afterwards. Strikes often do great injury to the employer, as they

keep his capital and machinery idle; but the rate of the employers' profit must be greater at all times, on account of the risk of their losses from strikes. The workmen lose their **past** savings and their **present** wages, and there should be a very good chance of **future** advantage to lead them to such a costly means of keeping up wages.

Trades unions often try to **prevent apprentices** from being brought into their particular handicraft, and they forbid their members working with any man who has not been regularly brought up to their business, so as **to keep up the rate of wages** in it as high as possible. If every handicraft did the same, **everyone would have to pay more** for all the things he wanted to buy.

Another **fallacy** or **supposed truth** which is adopted through a mistake too common among working people is that the rate of wages is increased by doing the work slowly or badly, so that more hands may be needed to do it, and more days' wages paid for it. **Wages are never increased** by this means. **Wages can only be increased by increasing the productiveness of labor.** We do not work for the sake of working, but for the sake of some good thing to be got by working. You recollect in Chapter III., page 23, about the poor men employed by the foolish rich man in digging holes and filling them up again. Such work as that wastes the money that should be used for productive labor, and tends to lower wages all over the world.

Work is the price that must be paid for some desirable thing that some one needs, and if no one is the better for our work no one will pay us for doing it. However much trouble one may take in writing and printing a book, if no one wants to read it it will not be bought, and the writer will get nothing for his trouble. However slowly one wrote it, however lazily one printed it, it would not make people pay any more for it, unless the slowness made it more interesting or more correct.

There are also sometimes disputes between workmen and employers about piecework, by which men who work quickly and for longer hours can make better wages than others. If he does not make careless work it seems quite fair that the clever man should have the advantage of his cleverness. It is for the **interest of everyone that the best workmen should be encouraged** to do the best work, and to do it as quickly as good sound work can be done.

There is no doubt that workmen have a perfect moral right to combine to carry any point that they believe to be for their own interest, if they do this in an orderly way; but they have no right to force other people by threats or violence to join them in the strike, and to prevent them from working for the wages which the masters offer.

In all these open questions in which employers and workmen take different sides, they look on the matter from their own points of view, as they are apt to think their interests are opposed to each other's. It is the experience of the purchasers, or of all the people in the world who want the things that are made, that will settle how far either or both of the parties are in the right. The arrangements which produce the best and the cheapest supply for all the markets of the world are sure to prove to be the fairest for both the employer and the employed.

