is undoubtedly a view widely held among employers. Strictly professional associations tend generally to become conservative so far as methods of work are concerned; and even trade unions which may not “ officially ” oppose the introduction of new processes and the use of machinery may nevertheless serve to focus and make effective the hostility felt by the artisan towards methods of business organization which seem to him likely to decrease the demand for his services or to alter the conditions of work to his detriment. In some trades also trade unions are charged with encouraging or permitting their members to restrict the amount of work performed by them in a given time, with the short-sighted object of making more work for others. Many unions have attempted also with varying degrees of success to keep up the value of their labour by creating an artificial scarcity by restricting the numbers entering the trade, and have in various ways sought to control the management of business to a degree which must restrict the freedom of experiment on which the attainment of the maximum productiveness of industry must depend. By the resort to strikes—an essentially wasteful method of settling differences with employers—they have also to some extent restricted production, though the loss directly due to this cause is often exaggerated (see Strikes and Lock-Outs). Moreover, by their insistence on the payment to all workmen of a fixed “ minimum ” wage they have diminished the field for the profitable employment of the old and less capable, and may io some extent have discouraged the expert workman from earning and receiving the full reward of his extra ability.

On the other hand, it is claimed that trade unions have in many cases acted in the interests of industrial peace by restrain- ing their members from ill-considered strikes, and that, by providing a recognized channel through which the workmen’s grievances may find expression, they have often assisted in adjusting differences which would otherwise have led to the interruption of production. In particular they have frequently formed a convenient basis on which to build a system of conciliation or arbitration boards by which strikes are prevented (see Arbitra- tion): It is also claimed that by protecting the “standard of life” of their members through the policy of securing a “ minimum ” rate of wages, trade unions may tend in the long run to build up a physically and industrially superior class of workmen, and thus ultimately increase the efficiency of industry.

The comparative weight of the above considerations differs according to the point of view from which the question is regarded. At any given time an individual employer may tend to feel most strongly the disadvantages of the restrictions under which he is placed by the action of a particular trade union, and may attach but little importance to the general effects, in the long run, on the national output of the pressure which such combinations exercise-which from the point of view of the general well-being of the community is by far the most important consideration. Generally speaking, any action of trade unions tending to diminish the efficiency and industry of the individual workman is as injurious to the community as to the individual employer, except in so far as such restriction may conceivably affect the health of the working community from over-strain. But the policy of “ levelling up” the standard rate of wages, which may mean loss or ruin to a particular employer, may nevertheless act quite otherwise with respect to the national well-being, in so far as it tends to eliminate the “ unfit” employer and to concentrate the industry in the hands of the more capable and more enterprising of the employing class, and in the localities most suited for the purpose. The pressure of rising wages has undoubtedly acted as a stimulus to the invention of labour-saving devices and the adoption of economical methods, as is shown in America, where the highest wages are often seen concurrently with the lowest labour cost. Advocates of trade unionism sometimes lay much stress on this aspect of their operation. On the other hand, it must not be forgotten that competition, both as between different grades of employing ability and of local advantages, is now international, and that the concentration of an industry in the most suitable localities and in the hands of the most capable organizers, which is claimed as a beneficial result of trade union action, may for any particular country mean the transference of the industry abroad; and this transference, especially in the case of industries dependent on export to neutral markets, may involve a considerable national loss.

Apart from the effect of trade unions on the total amount of the “ national dividend,” their supporters claim that they are able to alter the mode of distribution of this dividend. It is not usually claimed that they are able to affect the proportion of the total product which is paid as rent or interest for the use of the instruments of production, but that they can alter the pro­portions in which the residue is shared between the organizers of labour and the manual labouring class, to the advantage of the latter. The methods by which trade unions seek to achieve this result require separate examination.

The first group of methods are those which aim at creating a scarcity of some particular kind of labour so as to alter the relation of demand and supply. The particular methods em­ployed for this purpose have been already sufficiently described, With regard to all of them it may be remarked that they are ineffective as regards the raising of the general rate of wages throughout the country *(i.e.* the average income per head of the manual labour classes), seeing that an artificial scarcity of one sort of labour implies a redundancy of some other kind. As regards the rate of wages in particular occupations there is no doubt but that at least for a time such methods may cause a considerable rise of wages, only limited at first by the imperfec­tion of the control exercised by the union over the number com­peting in the labour market and by the extent to which the rise in the cost of production so caused is checked by the competition of goods imported from abroad, or of alternative commodities, or by the loss of foreign markets, or the diminution of home demand. But as time goes on other forces of a more subtle kind tend to come into play which further limit the power of the combination to keep up wages through restricting the supply of labour. Besides the substitution of alternative commodities, alternative processes of production may be invented, diminishing the demand for the services of the members of the exclusive trade union, while the artificial rise of wages is also likely to attract labour into the trade.

Generally speaking, it may be said that while the artificial restriction of the supply of workmen in a trade may raise wages for a time, it calls into play forces tending to restore the equili­brium of demand and supply by diminishing demand, and that these forces grow progressively stronger as time goes on, while the restrictive capacity of the combination usually tends to diminish. This is apart from the fact that restriction of the supply of labour entering a trade almost always involves the narroving of the field of ability from which the trade can be recruited, and thus a lowering of the general standard of efficiency.

The other group of trade union methods which requires exami­nation is that which aims at strengthening the economic position of the labourer by substituting collective for individual negotia­tions as regards wages, supported by a common reserve fund out of which the labourer may be maintained while waiting for his terms to be accepted. Undoubtedly these methods of mutual insurance and collective bargaining afford a powerful instrument for preventing “ sweating ” and for enabling the whole body of workmen to exact at the earliest moment and retain to the latest moment the full amount of the wages which a given state of trade and prices will enable the industry to support. The establish­ment of general working rules and standards of time or piece wages throughout a trade or district may also serve to protect the better and more capable employers against their more inefficient or unscrupulous competitors, and thus tend towards the survival of the “ fittest” among the employing class. It is always to be remembered that the effect of collective bargaining is not in the long run one-sided. Combinations of workmen beget counter-combinations of employers, and the conditions of important industries tend to be settled more and more by “ treaties ” con­cluded between powerful bodies of employers and employed.