

## TAXATION IN RELATION TO WAGES.

SYNOPSIS OF REPORT TO INTERNATIONAL STEREOTYPERS AND ELECTROTYPERS UNION CONVENTION, WASHINGTON, D. C.

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Webster defines a tax as a rate or sum of money assessed on the person or property of a citizen by the government, corporation or company for the express use and maintenance of such nation, state, corporation or company. It is a term of general import including every species of imposition on persons or property.

With this knowledge as a basis for further deduction the logical conclusion would be that every item of expense the compensation of the wage earner is subjected to becomes a tax, whether direct or indirect in its application. Take, for instance, the actual necessities of life, such as food stuffs, household goods, wares and merchandise of every description, these are burdened with an ever increasing tax during each stage of their production up to their final destination, the consumer. This process of tax accumulation can be readily explained by following the woolen cloth from its growth on the sheep's hide to the wearer's back. It starts with the taxes upon the houses that shelter the sheep and the land which provides their food; their wool the farmer is taxed for while it is still upon their back; sheared, it becomes the taxable property of the wool dealer; the manufacturer next temporarily assumes charge, and in converting it into cloth produces something upon which taxes are again assessable; the wholesaler in acquiring possession puts it in storage and doles it out to the retailer at a price which includes his fee and the attendant tax; now it is fashioned into a garment, the market value of which depends upon the various taxes levied and the cost of each process, in addition to what each successive owner is pleased to term his legitimate profit. The consumer has no voice in the matter other than to meekly murmur, "I must have it," consequently must pay what is demanded. This evolutionary system applies to everything mankind eats, drinks, wears or uses. It can be readily seen how these successive tax charges increase the cost to the consumer. Their elimination in whole or in part would tend to decrease the cost and increase wages through their increased purchasing power. This in fact is the solution of the paradoxical circumstances displayed by the efforts of organized labor increasing the wage scale of its members, without any evidence of material advancement or betterment of resultant conditions. The increase being added to the cost of production with a corresponding raise in the so-called legitimate profits of the employer, nullifies any supposed advance. Even the misleading and juggled governmental statistics, though compiled by cunning minds who were but attempting to serve those whom an exposition of actual conditions would tend to discredit, cannot wholly hide the truth, for truth is mighty and will prevail, and even through the glaring inconsistencies of official records the claim of protected industries and government nurtured favorites, that prosperity has come in the guise of increased wages, is proven to be a false assertion when fair deductions are based on statistics of their own creation.

(Here follows an examination of the contention that the lot of the wage worker is growing continually better. Commissioner of Labor Statistics, Carroll D. Wright's contention regarding increase in wages is met by his own testimony before the Industrial Commission that wages were but 10 per cent. higher in 1898 than in 1870.)

That there has been a slight increase in wages may be admitted, and still we are confronted by the fact that in these important industries, which are

mostly well organized at the present time, labor has succeeded in obtaining but a very slight increase in wages in the last thirty years.

This is a startling and significant fact when we discover the rapid rise in wages prior to 1872, when there was little, if any, organization. This rise in wages in the earlier period is unquestionably due to the wider opportunities which then existed. The statistics of this report substantially agree with those of the Aldrich report, so far as they cover the same period. The Aldrich report, however, gives rates of wages as far back as 1840, and indicates an increase in wages from 1850 to 1872 of 69 per cent., and from 1860 to 1872 of 52 per cent. The increase shown from 1872 to 1891 is less than six per cent.

According to the present census there was a decrease in the average earnings of those employed in book and job printing and publishing from \$551 in 1890 to \$482 in 1900. Taking the earnings of men only, the decrease was from \$609 in 1890 to \$561 in 1900.

In the printing and publishing of newspapers and periodicals there was a decrease for men from \$667 to \$610, and for all classes of operatives from \$591 to \$532.

These figures are obtained by dividing the total amount paid in wages by the average number of employees. It should be noted in this connection that the present census has adopted a new fangled method of computing average numbers which results in obtaining a larger amount than would have been obtained by following the method of the preceding census. That is, the present census computes average numbers on the basis of 12 months' employment, the census schedule calling for a report from each establishment of the average number employed each month. The average number as computed by aggregating the monthly averages and dividing the total by 12, the number of months in the year.

The result is not the actual average number employed, as was obtained at the census of 1890, but is the number that would be required to perform the work of the establishments in 12 months. In establishments and industries furnishing employment for less than 12 months, the effect is to reduce the number reported as the average number, and consequently to increase the amount obtained as average earnings by dividing the total wages paid by the average number of wage earners.

For industries furnishing employment 12 months in the year, the change in census methods makes little, if any, difference, but for short *period* industries, the effect is to grossly exaggerate the amount computed as average earnings.

The foregoing figures as to wages are, we know, decidedly at variance with the popular impression of a great increase in wages in recent years. The popular false impression is largely due to the persistence with which the Commissioner of Labor has quoted the fallacious wage statistics of the census as showing a steady positive increase in the average annual earnings of those engaged in our great industrial pursuits.

He has done this notwithstanding that the average annual earnings as obtained at the tenth and eleventh censuses are declared incomparable in the text of the census of 1890, and notwithstanding his knowledge of the worthlessness of such statistics as shown in his testimony before the Industrial Commission, that the quotient obtained by dividing the total wages by the average number of wage earners "is at times a rather vicious quotient." The fact that a comparison of these vicious averages seems to support his theory of a progressive increase of wages has led Col. Wright to quote census statistics which he knows to be grossly misleading, and he has even had the effrontery to declare that these statistics are corroborated by those of the Massachusetts reports. This he does in his work, "Outlines of Practical Sociology," as well as his article, "Are the rich growing richer and the poor poorer."

(After a further examination of Commissioner Wright's juggled statistics and deliberate falsifications, there follows extracts from Prof. Small's admirable refutation, in which he has dealt with these statistics in a manner which demonstrates how baseless they are. The report continues:)

In any consideration of the wage question the fact must not be lost sight of that more and more the work which was formerly done by skilled labor at living wages is being done by comparatively unskilled labor at starvation wages. Statistics, therefore, showing the relative wages of skilled labor do not show the relative condition of labor generally.

(Then follows an examination of the purchasing power of wages. In conclusion the Report has this to say:)

Whatever benefit the laborer gets from a fall in prices is expressed in the prices of things which he purchases.

The Aldrich report recognized this fact by presenting a weighted average of prices, prices being given weight according to their importance as measured by consumption of normal families. For a basis of calculation an investigation of the labor bureau as to consumption by normal families was taken.

The fallacious character of the price statistics of Labor Bulletin 38 is shown by a comparison with the weighted average of the Aldrich report, which shows a fall in prices of those things which the laborer uses, from 1872 to 1891 of but 14.1 per cent., while these juggled price statistics show a fall of 36.7.

It may also be remarked that these price statistics are of wholesale prices, while the laborer purchases at retail. The absurdity of such statistics and their value to the public in ascertaining a correct idea of actual existing conditions is practically self-evident. The decreased power of money earned has decreased wages. This with continual decrease of opportunities must inevitably destroy the effectiveness of organized labor by crushing it between the upper and nether millstones of special privileges and restricted opportunities. Even the juggled statistics cannot wholly conceal the lamentable conditions as they actually exist, and are silent testimonials that stern reality as proven is not in conformity with the expressed idea of the employing class and their servants, in their efforts to prevent a true conception of conditions as they are, for such knowledge would in all probability foreshadow a change of tactics that would be more productive of the results organized labor is striving to obtain. It is an accepted fact that every poison has its antidote. The continued effort of organized labor to meet the question by demanding an adequate increase of wages must soon be discarded because of its own expressed limitations, the average price of commodities rising through monopolistic methods in greater ratio destroys the advantage momentarily gained by reduction of its purchasing power. Labor can deprive this present privilege by the elimination of all taxes save those based on land values. This will increase opportunities by tending to curb the desire of the wily speculator to hold lands for future advances in price, as such a proceeding would be an unprofitable venture, since every improvement by his neighbors would tend to raise the value of his land which would call for increased taxation and compel him to either make improvements himself or dispose of the land to those who would. The stimulus engendered by removal of taxes on improvements would soon become apparent, the erection of buildings would require the services of those trades engaged in their construction, their prosperous condition would mean the employment of others through their increased consumption of the commodities they produced. Then the low land values in undeveloped sections would serve as an inducement to many. Their withdrawal from the congested metropolitan centers would in accordance with the universal law of supply and demand increase the earning capacity of the remainder. In conformity with the same law rents would decrease as buildings increased, a net gain to the worker by lessening of a direct

tax on his earnings. The removal of other existing taxes on necessary commodities would tend to cheapen their price to the wage workers, again increasing their wages. This does not mean an actual increase in dollars and cents but a visible increase in the purchasing power of the wages they receive. What difference exists between a man receiving a salary of \$10 per day and expending \$9 a day for sustenance, or one receiving \$3 with expenses at \$2 per day? Does it not savor of unanswerable logic that if expenses are decreased, wages are increased in the same ratio? The simplicity of this proposition is its greatest charm. It is not theoretical in nature since it has stood the test of practical application in a manner that exceeds the claims of its most ardent supporters.

The first locality in New Zealand to exempt improvements from taxation was Palmerston North—this was in 1897. Mr. T. Brenon, Inspector of Factories, in his report to the government for the year 1900, says of Palmerston North: "I have again to report a very satisfactory state of things. During the year under review one or two estates were cut up into small holdings and sold for close settlement. In my last report I stated that the population had increased. I have much pleasure in repeating it in this report. *Good men had no difficulty in getting work.* The building trade was exceptionally good during the year, and still continues good."

Then this fact: From 1897 to 1900, 200 additional buildings have been erected, as against 50 erected in the previous three years immediately preceding the change in the incidence of taxation.

Not alone have taxes been lightened on the actual user of land, but the effect of the tax on land values has been productive of even greater results. For instance, Chevoit county, prior to 1892, was a vast sheep station, *supporting but 20 persons*, when it was appropriated by the government for 250,000 pounds. *To-day it supports a population of nearly 2,000*, and was the first farming county in the South Island to exempt improvements from taxation.

In his investigation of conditions in New Zealand, Henry D. Lloyd further strengthens the contention that the taxation of land values aids labor and capital and strikes a blow at land monopoly. He says:

"The net results have been the diffusion of wealth, *elevation of labor*, purification of government, substantial freedom from the evils of private monopoly, wonderful prosperity, and the turning of the tide of population from the city to the country. The holdings of land have increased 60 per cent., while population has risen 21 per cent.

"This legislation has opened natural opportunities, caused the investment of fresh capital and stimulated the production of wealth, benefiting farmers, agriculturists, workingmen, artisans, storekeepers, manufacturers and ship owners.

"The increased stimulus to building operations has been specially advantageous to builders, lumbermen, quarrymen and mine owners, the demand for finished material in every department being most extraordinary. Employers of labor generally have succeeded beyond their expectations, and artisans and workingmen also enjoy the benefit of better times. *The supply of workers is less than the demand and consequently the employe at present is the arbiter of his compensation.*

These are not isolated cases. Lack of space prevents the citation of hundreds of similar testimonials regarding the efficacy of this form of taxation. Labor organizations throughout the land, realizing the importance of their present methods, are awakening to the glorious results the enactment and enforcement this system of taxation, will, and does create, and are attesting the sincerity of their desire to bring about a fruition of their cherished hopes, dreams, and aspirations by and through public advocacy of the only remedy which will



insure them the attainment of their ambition of fair wages and constant employment under pleasant conditions.

(This admirable report concludes with the regret that opportunity would not permit of a fuller examination of the subject, and urges the future appointment of a like committee to report upon the question more in detail. The Stereotypers' and Electrotypers' Union have established an excellent precedent for other trade and labor unions to follow. This recognition of the vital nature of the problem does credit to the intelligence of this progressive trade organization, and this dignified report of Mr. Straube shows with how just a discrimination the committee was selected.)



## FALLACIOUS DOCTRINE OF WORK.

JOSEPH DANA MILLER, IN VALLEY MAGAZINE.

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We have heard much of late in glorification of work. It would seem that some persons are very much interested in getting the people to work harder than they do—the same kind of interest that a Southern planter might have had in the work of the slaves of his plantation in the days anterior to '61. This is only one of the doctrines among many that are used to buttress the prevailing system of the distribution of wealth. For it takes for granted that the prizes of the world go to the worker, and that he who works hardest secures most of the prizes.

We have the President of Harvard telling us that men cannot work too hard or too long. But President Elliot in his library telling men that they cannot work too hard in sewer or subway is an amusing figure. Men not only can work too hard and too long, but as a matter of fact, they do. Everywhere our hasting unresting modern life is dwarfing our mental and spiritual activities and squeezing the juices out of existence.

Look at what the practical acceptance of this theory includes. Men should have time for reflection, religion, morals, art, culture. All of these hours must be taken from work. Do the canting priests of work deny this, or do they mean to assert that these things are not good for men?

The use of life is to grow—only work of the kind that aids growth is of any value. Not all work aids growth, but only the kind of work that is allied to creation. Not that man can create; the visible product is the fruit of his brain conception. To watch this growth, to have a proprietary interest in it beyond what is received as necessary maintenance, is the only real delight in work. To ask workmen to take an interest in their work when wages are just sufficient for maintenance is futile. The element of proprietorship is lacking.

"Study the interest of your employer," says the mentor to the young man. Nobody ever studies the interest of other people in matters of actual work on the economic plane, whatever he may do from altruistic motives. In fact, what his mentors mean is, "Study your own interest by studying your employer's interest." What seems a lofty injunction, reduced to terms of exactness is seen to be quite sordid enough, and is, in reality, the lowest suggestion of sycophancy. The phrase could never have become general, save in a social condition of economic dependence. Men work for themselves, not for others. If one works with an employer ("for" an employer, as we say), he works merely as an associate with some one else.

Of course, there is arue doctrine of work that may be applied to nearly every relation of life. Nothing rusts the mind like sheer idleness, and perfect repose is decay and death. So much we may grant.