

balance is largely made up of shipments to England in the form of pensions and other British remittances for which no equivalent is received. India is a tributary country. Hence its "favorable" balance of trade. Does that account also for the "favorable" balance of the United States? If not, why not?

The offer which the steel trust makes its employes is somewhat complicated, but its essentials may be easily understood. The trust employs about 168,000 persons. These are divided, for the purposes of the offer, into six classes. Class A includes all who receive salaries of \$20,000 or over, while class F includes all who receive salaries of \$800 or less. In the intermediate classes are those whose salaries run from \$800 to \$20,000. During the current month each may subscribe for shares of preferred 7 per cent. stock in the trust, at \$82.50 per share, in amounts ranging from 5 per cent. of wages in class A up to 20 per cent. in class F, the subscription price to be deducted from his monthly wages in such sums as he may specify, not to exceed 25 per cent. of his wages in any one month. The whole amount must be paid within three years. Interest at 5 per cent. is to be charged on deferred payments, but meantime the purchaser receives the 7 per cent. dividends which the stock carries, thus getting a profit of 2 per cent. If the purchaser discontinues payments he may withdraw those he has made, surrendering the stock, but retaining the dividends less interest on his deferred payments. When fully paid for, the stock will be delivered to him. Any purchaser who retains his stock, remains continuously in the employ of the trust, and shows "a proper interest in its welfare and progress" (certified by a letter from "a proper official showing that he has worked to promote the best interests of the company in which he has become practically a partner), may receive annually for five years \$5 a share as a bonus; and at the end of the five years he will receive a fur-

ther bonus to be made up of the \$5 bonuses (and interest thereon) which other purchasing employes may have forfeited. In addition to this scheme of stock purchasing a system of profit sharing, based upon minimum annual earnings of \$80,000,000, is to be established. One-half of the employes' share of profits under this system is to be distributed quarterly in cash, while the remainder is to be invested in preferred stock of the trust to be held for the benefit of the employes who remain continually in the employment of the company for five years. It is evident from a careful reading of the official circular that three motives have controlled in the formation of this complex arrangement, all of which come within the idea of "benevolent feudalism." First, a sincere desire to do the workmen good and regulate their lives benevolently; second, an equally sincere desire to head off strikes; and third, a lively hope that when elections come around in which the special privileges of the trust are possibly at stake, the employes can be appealed to effectively in behalf of the concern as "fellow stockholders."

In an official letter from the sultan of Bacolod, one of the Mohammedan regions of the Philippines, a letter which the United States war department has just made public, Americans are described as "a lot of hogs that eat hogs." What makes this description peculiarly offensive is "ye fact yt ye condemned savage" has so closely approximated "ye gospel truth."

The whole history of our Philippine relations, from the time when we began to "edge" Aguinaldo's patriot army back and again back from its place of vantage, all the while pretending to be friendly, down to our lawless declaration of war against the Filipino republic in December, 1898, and through all the destruction we wrought, the anarchy we bred, the loot we took, and the cruelties we inflicted, until the present time, when our paternal government in the isl-

ands is asking for authority to extend from 5,000 to 25,000 acres the limitation upon common lands to be grabbed by American capitalists—from first to last our national conduct has been such as to make it almost an affront to the morals and manners of the lowly beast of Mohammedan detestation to refer to it as a symbol of Yankee character.

THE HOUSING PROBLEM AND THE TAXING POWER.*

I.

The philanthropy of municipal paternalism and the charity of rich individuals, may provide decent and comfortable housing for some of the working poor some of the time; but nothing can secure decent and comfortable housing for all of them all of the time, short of measures that would neutralize legislative and institutional hindrances to their providing such housing for themselves. This necessitates radical changes in taxing methods. It is a mistake to ignore the social potentialities of taxation. The power to tax is truly a power to destroy, and as truly a power to save from destruction.

When taxation hinders industry and diverts the full and regular flow of wealth from the producers of wealth, the working poor are prejudicially affected, and housing problems result. Taxation of that kind is destructive of normal social life. Conversely, a tax that would encourage industry and promote the free and regular flow of wealth to its producers (if any such tax there be), would operate favorably to the working poor, and abate housing problems by conserving and fostering normal social life. Methods of taxation, therefore, are a primary consideration with reference to the problem of housing the working poor.

II.

In that view of the matter it is imperative to ascertain at the outset whether existing methods of taxation do obstruct industry, discourage

*By Louis F. Post, editor of *The Public*, in the Fall number, 1902, of *Municipal Affairs* (New York). Reproduced here by special permission of the publishers of *Municipal Affairs*.