

Protective Taxes And Wages

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THE DISCUSSION of protectionism in the United States constantly turns upon questions of wages. The question has two forms. The employed argue that protective taxes will make their wages high. The employers argue that protection is necessary for them, because they have to pay high wages. . . .

Protective taxes aim to keep foreign products out of the country, in order to secure the home market to the home producers. These taxes, therefore, make commodities dear, scarce, and hard to get. But the commodities in the country are what constitute the wages of laborers. If the amount of these commodities is rendered smaller than it might be, how can that raise wages, looking of course not at money wages, but at real wages, or the comfort attainable by the laborer? There is no real propriety in discussing wages apart from other elements in the comfort of the population. Protective taxes lessen the available comfort in the reach of all members of society; they curtail the enjoyment which each citizen might get out of each hundred dollars of income. If I dis-

cuss wages as a separate question, I do so only because the question has been so raised, not because I concede that the laborers have any separate interest which can be, or ought to be, discussed by itself. It is pure demagogism to represent it as one of the functions of the Government to make wages high, or in any way to pet the laboring class. The protective taxes press upon all, even upon the protected, who mutually plunder each other. The lowering of real wages, by making commodities scarcer and dearer, is the way in which the wages-class are subjected to their share of the effects of protective taxes. . . .

THE FALLACY in the notion that protective taxes make wages high is the same as the fallacy in the notion that trades-unionism makes wages high. Protection and trades-unionism act on the same principle. Trades-unionism inculcates negligence, slackness, and shirking. It teaches the men not to take pains, not to try to excel, not to do good work, and the philosophy of it is that the men should not try to produce, but should try not to pro-

duce, on the theory that if things are made scarce and dear and hard to get, that makes "work," and so makes wages high. If that philosophy were sound, all the classes which consume but produce nothing — like soldiers, paupers, idle women, idle rich, gamblers, criminals, and convicts — would be all the time raising wages, and they would lower wages if they should go to work, and not only consume but also produce. On the same philosophy, the Pittsburg rioters were sound economists when they let the city burn down, thinking that it would make work and raise wages. The protectionist and the trades-unionist both think that wages are increased when things are made scarce and hard to get. First they confuse wages with work, and then they confuse work with toil, and they think that they have increased wages, that is, good things to enjoy, when they have only increased the toil by which things are obtained. The truth is that wages are raised only by industry, thrift, temperance, prudence, and economy, producing abundance and increasing capital, not by any dark and crafty devices for producing scarcity and bad work.

We may now look at the other notion, — that high wages make protective taxes necessary. People who believe this must have a queer

idea of the economic laws of society. They must think that a blessing and a calamity are not to be distinguished from each other. The wages paid in any industry are only one of the conditions of production . . . If a capitalist says that he cannot pay the current rate of wages, the first answer that should be made to him is to tell him not to do it then, for he must be misapplying his capital in some way or other. The market rate of wages is set by the supply and demand of labor, and there must be some industries which are able to win profits while paying that rate. But when our petitioners appear before committees of Congress to ask for protection, and allege that they need it because wages are high, when has any one of them ever been subjected to an examination to learn whether he understands the business he has engaged in, or has an adequate capital, or has faithfully devoted himself to business, or has judiciously located his establishment, or has bought his raw materials wisely, or has adopted new machinery rapidly enough, and yet not too rapidly, or has organized his industry with good judgment, and so on indefinitely? Surely these inquiries would be to the point, when a man pleads for power to tax his fellow-citizens to make up the losses of his business. Wages are one of the