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'More Mighty than the Waves of the Sea': Toilers, Tariffs, and the Income Tax Movement, 1880–1913

Ajay K. Mehrotra

Social movements are at once the symptoms and the instruments of social progress. Ignore them and statesmanship is irrelevant; fail to use them and it is weak.

Walter Lippmann

In the spring of 1870, John Sherman, the Ohio Republican and powerful Chairman of the Senate Finance Committee, rose to his feet in the Senate chambers to defend the federal income tax. Addressing his colleagues who were seeking to dismantle the income tax laws created during the Civil War, Sherman eloquently explained why the direct national tax on personal and corporate incomes ought to remain a central part of the post-Civil-War fiscal order. In his lengthy and passionate speech, Sherman contended that one of the main reasons to maintain an income tax was because of its popular appeal. He warned his Senate colleagues that if they repealed these accepted tax laws, they 'must expect to meet popular clamor'—a popular clamor unlike any other.

Not the clamor manufactured in the daily newspapers whose receipts are large and productive, nor the clamor that comes to us from cities, or from the Union League, composed of gentlemen among the ablest and best in this country, whom I respect personally, but you will hear clamor coming from the mass of the people who will complain of injustice and wrong, and their voice, although not often heard in the way of petitions, when it comes to you is more mighty than the waves of the sea.¹

Although Sherman's defense of the Civil War income tax system ultimately failed to carry the day in the early 1870s, his prescient comments would, in the decades to come, accurately describe the popular appeals for progressive income taxes.

Among the cacophony of voices that made up the 'popular clamor' that supported progressive income taxes, none was perhaps more significant, or as problematic, as organized labor. Members of the working class bore a disproportionate share of the tax burden under the prevailing nineteenth-century system of indirect taxation. The

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tariff and the federal excise taxes on alcohol and tobacco fell disproportionately upon ordinary, working class Americans. Through their unions, working class individuals appeared to be a natural constituency for tax reformers and lawmakers who were seeking to use the income tax not only to revise the tariff, but to build a new fiscal polity—one based primarily on the direct and progressive taxation of income.

Labor, however, was slow to support the income tax movement. Divided over issues such as tariff reform, and distracted by other seemingly more appealing remedies such as Henry George's single tax, trade unions were hesitant in advancing the income tax cause. It was only after protectionism came under increased scrutiny in the last decades of the nineteenth century that labor organizations were able to suppress their own internal divisions over the tariff and forge a fleeting political alliance with other members of the producing class, namely farmers, to push for a national income tax. Once the income tax movement was able to move from the margins of political discourse to the center stage of national party politics, tax reformers were able again to point to the 'popular clamor' supporting graduated income taxes.

In an effort to understand the role that organized labor played in building the social foundations of the new fiscal order, this article explores how and why labor was a problematic constituency for the income tax movement. By examining what national leaders and rank-and-file members of trade unions said and did about taxation, this article contends that labor organizations played a significant—though halting—part in helping to establish a fairer and more effective modern system of taxation. Organized labor's belated support for progressive income taxes, moreover, illustrates how the history of American taxation is not a linear and continuous story of anti-statist tax resistance.² Similarly, labor's eventual demands for a national income tax challenge the notion that the American labor movement, through its continuous collisions with legal institutions, became preoccupied with achieving its goals solely through voluntary private ordering.³ Organized labor's support for the income tax at the turn of the twentieth century thus suggests a much more tenuous relationship between taxation, 'voluntarism,' and an ostensible anti-statist American culture.

Throughout most of the nineteenth century, organized labor had an ambivalent reaction to the protective tariff. This ambivalence together with the allure of other remedies such as Henry George's single tax prevented labor unions from coalescing around the income tax movement. Towards the end of the nineteenth century, the growing federal surplus and the increasing visibility of concentrated wealth provided income tax proponents with an opportunity to challenge the dominance of the tariff and the entire system of indirect taxation. As part of this challenge, laborers united with farmers to push for numerous political and economic reforms, including a graduated income tax. Their success in establishing a federal income tax as part of tariff revision in 1894 was short-lived when the US Supreme Court struck down the law in the following year. Despite the continued conservative resistance to an income tax, by the end of the nineteenth century the social forces supporting an income tax

had already begun to emerge; although it would take nearly two decades before income tax proponents could claim victory, the ratification of the Sixteenth Amendment in 1913 and the enactment of the first permanent national income tax in that same year signaled an achievement for the reformers and social movements that were seeking to create a new fiscal state.

Toilers and the Tariff

From the end of Reconstruction to the onset of the Great Depression, the US system of public finance underwent a radical transformation. The late nineteenth century structure of indirect national taxes, associated mainly with the tariff and regressive excise taxes on alcohol and tobacco, was eclipsed in the early decades of the twentieth century by a federal income tax that soon accounted for more than half of all federal tax revenues. In 1880, for example, customs duties and the excise taxes on alcohol and tobacco made up nearly 90 percent of all federal government receipts. By 1930, these two types of taxes accounted for less than 25 percent of government revenues, and the income tax amounted to almost 60 percent of federal government receipts. This structural shift in public finance ushered in a new fiscal polity, one premised mainly on progressive income taxes.⁴

With the protective tariff at its core, the nineteenth-century system of indirect consumption taxes disproportionately affected ordinary working class Americans. As consumers, they were the ultimate taxpayers of the import duties that were passed along by manufacturers and distributors. Though the tariff, as an indirect consumption tax, operated discreetly as part of the everyday cost of living, the unfair and regressive nature of the tax did not completely escape the notice of many members of the working class.

In 1883, Conrad Carl, a New York City tailor, described how the tariff exacerbated the already abysmal living conditions of the American working class. A tailor for nearly thirty years, Carl had witnessed how the onset of new technology, in his case the sewing machine, had altered the production process while diminishing wages. Testifying before a Senate Committee investigating the relations between labor and capital, Carl explained how his meager earnings were often not enough to provide for his family; how the grueling intensity of his work day left him 'no time to eat dinner;' how he like other tailors in New York 'lived in a tenement house four or five stories high;' how they could only afford 'the clothing that they make—the cheapest of it;' and how workers from his class were able to save nothing from their wages.⁵

Carl elaborated on one of the reasons why he believed that the working class was in such dire straits. 'The taxation system is unjust in the United States,' Carl told the Senate Committee. 'It is only indirect taxes, which fall back upon the workingmen. The workingman has to pay taxes in rent, and in provisions, and so on. He is the last one that they can fall back upon, and they get the taxes out of him. It is only the workingman that is the taxpayer, in my opinion, in the United States.' Asked by one of the senators whether the federal government could do anything to alleviate

this unfair fiscal burden, Carl responded that ‘so long as legislation is unjust to the poor, to tax the poor who have nothing but their daily earnings, to tax them by indirect taxes, there is no way to better the condition of the workingman.’ Though Carl was no revolutionary, he warned the national lawmakers not to ignore the injustices of the American tax system. ‘The indirect taxes are a fraud and a crime against the workingmen,’ Carl declared, ‘and society will have its punishment sooner or later for it. ... When there lies so great a wrong on the bottom of society as to tax the laboring man by indirect taxes, there grows wrong after wrong, and it will grow as high as Babylon’s tower if we do not go against it.’⁶

Carl’s comments before the Senate Committee echoed what tax reformers had been arguing for decades. The protective tariff was seen by many as providing an unfair advantage to select industries, while harming everyday consumers. Yet the most glaring drawback of the tariff, for those who sought to promote free trade, was how the levy supported monopoly power. Opponents of protectionism, after all, had long ago identified the tariff as ‘the mother of all trusts.’ As they saw it, the tariff simply contributed to higher taxation, while insulating politically privileged industries from fair competition, and in the process facilitating an inequitable distribution of wealth.⁷ For those tax reformers among the working class, the remedy to the evils of the protective tariff was rather straightforward: use the collective political power of ‘tillers and toilers’—the greater producing class—to sever the nexus between political privilege and protected industries.

Some national leaders of the working class recognized that law, and the creation of new legislation, could be one way—perhaps the best way—to dissolve the seemingly inexorable link between the tariff and monopoly power, and in the process to foster the transformation of American public finance. Leaders of the Noble Order of the Knights of Labor (KOL), the late nineteenth-century organization of farmers and laborers, commented in 1886 on how the privileged classes dominated the legislative process, and how any ‘attempt on the part of the people to influence or create law is met by discontent and opposition.’ But this was not how American democracy was designed to operate, the labor leaders claimed. In an editorial in the Knights’ official newsletter, the *Journal of United Labor*, these leaders wrote, ‘Law making should be the expression of the will of the people—not as exists, that of the conclave. Therefore, as a body, the people should become the law-makers and this right embraces each and every individual.’ Focusing on how the law emanated from the people, these leaders emphasized the malleability of laws like the tariff. ‘The fact that man creates law presupposes change of law,’ the editorial observed. ‘Law is obligatory only so long as it occupies a place on our statute books. The changes of commercial and domestic affairs attending progressive development call for changing enactments.’⁸

It was not only leaders of the producing class who advocated using legal and political means to address the social and economic inequalities of the time. Rank-and-file members of the Knights of Labor—ordinary farmers and workers—also believed that the power of the petition and the vote could be harnessed to attack the state capitalism that supported the high, protective tariff. With little faith in the

courts, the grassroots movements for tax reform focused their energies on the legislative process.

There was perhaps no better representation of the grassroots attempt at legal and political reform to dismantle the tariff than the letter-writing campaign conducted by Merlinda Sisins of Pickleville, Michigan. A farmer's wife and mother of 16, Sisins was a frequent letter writer to the *Journal of United Labor*. A self-educated social commentator, with little means, Sisins proclaimed to speak for all those hard-working producers who had been marginalized by the elite circles of legal and economic policymaking.

In her dozen or so letters to the journal, Sisins urged farmers and laborers to unite as a class to challenge the wealthy and powerful beneficiaries of the tariff. 'I believe,' Sisins wrote in her first letter in 1888, 'the great issues ov this hour tu be the rites ov the farmers and laborers (for their interests are identical and the same), as ginst the hydra-headed monster that is suckin our life's blood—hi taxation and monopoly.' To slay this monster, Sisins recommended that her readers 'use that God-given defence—baptised in the blood ov the Revolutionary War—the ballot and vote for no man who is tu make or execute the laws in this country who is not one ov our number and true to our interests.'⁹

In addition to the ballot, Sisins also recognized the power of petitioning lawmakers. Writing in the summer of 1888, she provided her readers with the text for a petition requesting that Congressional leaders nominate members of the producing class for national office. That text read in part,

We the undersigned—farmers, shopkeepers and wage-workers—ask the leadin political parties ov the __ kongressional district of __ tu nominate a kandidate for Kongress from *our Ranks*, that we may have konfidence in his *Fidelity* tu our interests. If neither ov the leadin parties nominate such a man we will do so ourselves; and we further pledge our *word and sacred honor* tu each other *not to vote for eny other kongressional kandidate*.¹⁰

Petitions like these from farmers, workers, and their organizations, often with more specific demands, were commonplace in most Congressional discussions over tax policy.¹¹

While leaders and rank-and-file members of the Knights may have identified the law and the political arena as a site for addressing the problems of indirect taxation, the protective tariff remained a divisive issue among organized labor in the late nineteenth century. Despite the claims of Merlinda Sisins and others, not all American workers wanted to do away with the tariff. Protectionism, in fact, provided at least two benefits to many workers. It sheltered industries that would not have otherwise existed in the face of foreign competition and thereby provided work; and it also theoretically led to higher wages—a point that pro-tariff Republicans often raised during congressional debates over free trade.¹² This division within the labor ranks over the tariff clearly extended the longevity of the nineteenth-century regressive system of indirect national taxation, forestalling in the process the rise of the income tax regime.

The divisive nature of the tariff was exacerbated by the neutral stance on the topic taken by national labor leaders. As the leading labor organization of the 1880s, the KOL struggled with a persistent tension between the aims of the national leadership and the activity of local assemblies. In their attempts to build solidarity among the producing class of workers, farmers, and small manufacturers, national leaders such as the Knights' Grand Master Workman Terence Powderly often eschewed militant tactics and political alliances in favor of a more morally inclined notion of reform. Nonetheless, local assemblies of the Knights throughout the country often acted autonomously and took determined political actions that belied the non-political pronouncements of the national leadership.¹³

Discussion of the tariff and tax policy more generally was one area where this fissure between the national organization and the local affiliates was highly evident. While national leaders of the Order attempted to avoid the divisiveness of the tariff, rank-and-file members often voiced their differing political positions either through the publications and meetings of the Knights or more directly through their government representatives. Although the leadership seemed to recognize that the tax on imports was a regressive consumption tax falling disproportionately on the purchasers of everyday commodities, they also realized that the tariff was an issue that implicated sectional conflict and one that nominally protected the workers of many industries.¹⁴

This dissonance within the organization became increasingly pronounced during the late 1880s when the Republican political coalition supporting protectionism came under increased pressure. With a large budget surplus taking shape at the national level, many opponents of the tariff, especially those within the Democratic Party, began to question the continued need for protectionism. Some of the benefits derived directly from tariff revenue, namely military pensions, continued to appease an aging population of Union veterans. But with an increasing immigrant population in the manufacturing belt, which did not benefit from pensions, and the growing tensions between industrial workers and their employers on the shop floor, the tariff seemed to provide little solace for most workers.¹⁵

Nevertheless, even during this critical moment for tariff policy national leaders of the Knights attempted to remain above the fray. When in 1887 a local assembly member from Iowa wrote to the *Journal of United Labor* requesting 'a synopsis of the arguments showing the advantages of a high tariff and the disadvantages of free trade,' the editors responded with characteristic caution. They admitted that they had 'decided opinions on the subject of "protection," as it is called—opinions which many other equally well-read members of the Order do not share.' Because of this disagreement, the editors replied that 'it would not be the correct thing to promulgate our individual ideas, which would possibly not even find endorsement among the majority, as the official sentiment of the Order.' The editors did not, however, want to minimize the gravity of the tariff issue. 'There are few topics of more interest to wage earners than the question of custom house protection to our industries,' the editors concluded. 'Let the different Local Assemblies make this a subject for debate,

preceded by study.' Among the important authors and works to consult, the editors recommended Henry George.¹⁶

With the national leadership of the Knights remaining neutral on the tariff, local assemblies—as they did in many other political matters—acted independently. Just as local fiscal issues often animated the formation of regional working class political action, the debate over protectionism pushed workers in certain unions to unify and take a stand on the tariff.¹⁷ For those workers concentrated in the manufacturing belt of the iron and steel industry, for instance, there was little reason to doubt that the protection granted to their industry and employers also benefited them. Thus, when in 1888 the tariff came under attack for even moderate revision by Democratic lawmakers, Republican supporters of protectionism were quick to carry out their coalition strategy and rally workers from protected industries. Representative William McKinley, one of the leaders of the pro-tariff camp, pointed to a petition sent by the Iron and Steel and Glassblowers assemblies of the Knights and other unions, to proclaim that he had the support of at least 'a half million working men of the United States in opposing' tariff reduction.¹⁸ Although McKinley made no mention of any opposition to the tariff, and though Democratic lawmakers attempted to show that protection did not always lead to higher wages, McKinley's rhetorical point had been made and tariff reduction in 1888 was soundly defeated.¹⁹

The tariff continued to be a divisive issue within the American labor movement throughout the late nineteenth century and well into the twentieth. Workers in those industries that were traditionally protected by the tariff continued to support it, while others believed it had outlived its usefulness in sheltering infant domestic industries. Some workers, such as Adolph Strasser of the Cigar Makers' International Union, believed that free trade would cripple American industries. In his testimony before the Congressional Industrial Commission in 1899, Strasser admitted that cigars made more cheaply in Manila, Cuba, and Puerto Rico would 'crowd our trade to the wall.' Citing the lower wages in these foreign lands, Strasser explicitly stated that American cigar makers 'could not compete with that article;' thus they had no choice but 'to fight against' free trade. Other cigar makers believed that while the tariff may not have been essential for their industry, it was difficult to justify the arbitrary and political nature of protectionism. 'The cigar maker is like everyone else,' George J. Thompson, one of the leaders of the Cigar Makers' Union of Chicago, told the Congressional committee. 'When he sees other interests protected, he wants some of it himself.'²⁰

It was not only cigar makers who wanted protection. As we have seen, the iron and steel industry petitioned lawmakers when tariff revisions were under consideration. Similarly, those involved in the glass industry believed that protection not only brought higher wages, but was paramount to the existence of their trade. A. M. Hammett of the Window Glass Cutters League of North America testified that 'if it was not for the tariff we could not exist.' At the very least, protection was said to provide higher wages. When James Campbell, a former president of the Glass Workers of America, was asked by a national lawmaker if the 'scale of wages and arrangements with proprietors are conditioned considerably by national tariff legis-

lation,' Campbell responded that 'When there is tariff agitation there has always been a clause inserted in the scale that in case of a reduction of the tariff there will be a rearrangement of the wages.' And, conversely, 'When there is an advance, the workmen get an advance.'²¹

Cigar makers, workers involved in the iron and steel industries, and those in glass manufacturing plainly benefited from the tariff and supported it. But other representatives of the working class thought that by 1900 the protective tariff had done its job of shielding infant industries; now it only raised the costs of production by imposing duties on imported materials and allowing domestic manufacturers to form industrial combinations. Members of unprotected industries thus 'had no need for the protective tariff theory,' as one shoemaker put it. In fact, for them, 'the duty' was a 'very iniquitous proposition.'²² As early as 1882, the nascent American Federation of Labor (AFL) even went so far as to renounce officially the protective tariff in its convention platform. The Amalgamated Association of Iron and Steel Workers, not surprisingly, refused initially to join the AFL because of its anti-tariff stance. Over time, however, constituent unions acting independently endorsed protectionism for their respective industries. The tariff thus remained a divisive issue among laborers throughout the late nineteenth and early twentieth century.²³

This rift within the American labor movement over the tariff had a resounding impact on the development of the new fiscal order. More specifically, this partial allegiance to the tariff retarded the movement for progressive income taxes by dividing an important source of political support for the new income tax regime. Because the calls for an income tax, at least initially, were tied directly to reductions in the tariff, any effort that maintained import duties was indirectly a blow to those fighting for a more equitable system of taxation—a system based on the direct taxation of income rather than the indirect system of regressive consumption and excise taxes.

This divided fealty to protectionism also symbolized in other ways labor's unease with the possibilities of an income tax. The tariff had been a part of American foreign and economic policy from the early years of the republic, whereas the income tax was unfamiliar and hence uncertain. As in many other areas of economic policy, labor leaders were reluctant to address the perceived risks associated with an untried income tax. Though a national income tax existed in the North during the Civil War, it was deemed by many then to be strictly an emergency wartime measure. The direct taxation of income during peacetime thus remained an unknown and untested phenomenon, and most labor leaders were loath to embrace the risks associated with such uncertainty. Better to deal with a known evil, some laborites may have reasoned, than to risk taking on an unknown entity.

An income tax system also carried with it other perceived risks. For an organized labor movement apparently committed to 'voluntarism' and 'business unionism,' a direct income tax managed by the federal government embodied all the fears of a discretionary state. Even though the Civil War income taxes affected only a small fraction of the American economic elite, labor leaders could only wonder whether such power in the hands of lawmakers could one day lead to a more mass-based

income tax system. An income tax with low exemption levels could easily affect everyday workers, perhaps more so than the tariff. This fear or mistrust of the discretionary powers of an emerging administrative state may have certainly contributed to labor's reluctance to support the shift to an income tax regime.

But it was not just the real and symbolically perceived risks of abandoning the tariff that held back the income tax forces; other seemingly more radical tax proposals, namely the single tax, also sapped energy away from the main focus of replacing the nineteenth-century system of indirect taxes with a more equitable fiscal order. In its purest form, Henry George's single tax advocated the exclusive use of a levy on land values, specifically rent, as the only way both to raise limited amounts of government revenues and to curb land speculation. George believed that land speculation was the root cause of nearly all the problems of modern industrial life. With one simple solution—a tax on land values—George idealistically claimed that modern society could do away with the unearned profits of an exploitive rentier class without having to build a regulatory or administrative state.²⁴

The single tax movement, which in its many variants often veered from the initial pronouncements of Henry George, acted like an irresistible magnet for reform organizations—a kind of flypaper for social movements. Lured by its anti-capitalist rhetoric, reform organizations of all kinds were attracted to the single tax, to varying degrees, as the necessary solution to the social, political, and economic dislocations of modern industrial capitalism. Labor was seemingly attracted to the single tax for several reasons. By placing the blame for all of modern society's social ills on the rentier class, the single tax assured workers that they were not responsible for their plight. Likewise, the single tax's emphasis on one levy tied to land holdings appeared to do away with the problem of granting increased discretionary power to the state. With little land holdings, members of the working class, not surprisingly, were attracted to George's single tax ideas. Because of this attraction, reformist energies and efforts were diverted from more practical and pragmatic tax reforms, particularly progressive income taxes. As intellectuals and tax reformers attempted to point out, George's single-tax idea was, in the end, a narrow and conservative proposal—one that used the rhetoric of anti-capitalism to disguise an adherence to a radical individualism that eschewed the growth of a positive state. Though laborers and other members of the producing classes differed in their commitment to the single tax, much as they did with the tariff, they were generally ensnared by its attraction. And, as a result, their representative organizations and leaders were slow to realize that progressive income taxes were a much more progressive and viable fiscal alternative.

Labor and the Single Tax

The allure of the single tax varied between labor leaders and their constituents. Whereas many ordinary workers, who viewed land as the source of all wealth, were quick to turn to the single-tax remedy, labor leaders were more skeptical of the effectiveness of any single remedy and hence were more equivocal in backing

George's idea. Among the rank-and-file Knights of Labor, in particular, there seemed to be a strong strain of support for George's single-tax ideas. Ordinary members of the Knights had been taught that 'labor has a right to a just share of the wealth it creates.' The *Journal of United Labor* regularly circulated excerpts from George's *Progress and Poverty* and sold copies of his writings. Moreover, the preamble of the Order's constitution even demanded that 'all lands now held for speculative purposes be taxed to their full value.' Richard Ely, the University of Wisconsin labor economist, even observed that 'tens of thousands of laborers have read *Progress and Poverty*, who have never before looked between the two corners of an economic book.'²⁵

From all this, one could easily conclude, as the Knight Samuel B. Shaw from Eastport, Maine did, that George's single tax was the best way to curb the explosive and exploitive growth in land values. 'Landlordism can be rendered perfectly harmless,' Shaw wrote, 'if it is compelled to return to the community in the shape of a tax the money it demands from men as the price for the privilege of living.' As an ardent supporter of Henry George, Shaw went so far as to declare that the 'single tax on land values' was 'the only final solution of the labor problem.'²⁶

Well into the 1890s when the AFL surpassed the Knights as the leading voice of organized labor, the single tax continued to garner popular support among many ordinary laborites. Indeed, the theme of reclaiming the social or communal value of land held by speculators loomed large over the popular imagination of many laborites. One anonymous worker animated this theme in verse:

Give back the land, the stolen land,
 Ye know not how to hold;
 To us it will yield food and life,
 To you it yields base gold.
 Remember that ye cannot claim
 One acre or one sod;
 Give back the land, the wretched cry,
 Ye stole it from your God!²⁷

Others put the desire to reclaim land from speculators in more legal terms. 'Laws that enable the land speculator to rob labor of its earnings,' one labor reformer wrote, 'must be supplanted by the laws that place land under collective ownership, through the appropriation of ground rents to be applied to the public welfare.' And still others saw the single tax as a way to address 'the labor problem' without assenting to the 'slavery of socialism.'²⁸

For their part, national labor leaders were more pessimistic about the single tax. The editors of the Knights' journal, for instance, were much more ambivalent in their support for the single tax than many rank-and-file members of the organization. On the one hand, the editors supported the communitarian implications of the single tax. 'As we see it,' they wrote in 1889, 'justice demands that, as the whole community have an equal right to the soil—the common heritage—those who use should pay to the community exactly what the use is worth, leaving nothing for landlords or any other parasitical class.' They agreed, moreover, that the single tax

on land values 'would be an immense advance and materially better the condition of the toilers.'²⁹

Yet, the labor editors doubted whether the single tax would provide all the cascading benefits that George and his disciples claimed for the levy. The editors did not believe the single tax would 'be sufficient of itself to give labor its full earnings or anything approaching them.' There were just too many social ills of modern industrial urban life for one policy prescription. The single tax 'will not cause an exodus from the cities to the country,' the editors intoned.

It will not enable those engaged in trades and city occupations to become independent farmers. It will not prevent the masses of city toilers from being crushed and ground between the upper and nether millstone of money monopoly and unrestricted competition. It will not lessen by a cent the enormous sums drawn from labor by usury in all its multifarious forms. The capitalist, the machine owner, the speculator will still exact from the toiler the greater portion of his earnings. Much will remain to be done in addition to taxing the soil to its full value so long as the control of capital and machinery remain in the hands of the few.³⁰

Eventually, most social reformers who were initially attracted to George and his ideas would come to doubt the allegedly all-encompassing power of the single tax. Still, the mix of support and opprobrium for the single tax sent contradictory signals, and no doubt confused many members of the Knights and other labor unions.

If rank-and-file members of the Knights had any further reason to be confused about the single tax, and the Order's general policy towards political action, they only needed to look so far as their national leader, Terence Powderly. Like many other reformers, Powderly was attracted to the radical aspects of using a single tax to attack land speculators and monopolists. As an admirer of Henry George's writings, Powderly throughout his life fixated on the issue of land monopoly, claiming that this topic demanded more attention than any other.³¹ When he was mayor of Scranton, Powderly attempted to implement a George-like land tax on unearned increases in land value.³² And, in his capacity as leader of the order, he urged local assemblies to take positive actions to confront the land issue.³³

But Powderly's most visible support for George and the single tax came when he broke his own decree against political participation by backing Henry George's third-party candidacy for mayor of New York in 1886. Like other labor leaders, including Samuel Gompers of the newly formed AFL, Powderly reluctantly joined George's campaign. On the eve of the election, Powderly agreed to give a speech at the Cooper Union. Addressing a crowd that spilled out into the streets, Powderly proudly proclaimed that George was his candidate and the candidate for the workingman. 'The burden of my song,' Powderly declared, 'is vote early tomorrow morning for yourself, for your family, and for your God in the person of Henry George. Set an example that will be remembered until your man is in the White House at Washington.'³⁴

To many in the audience, including the local members of the KOL, Powderly's enthusiastic support for George came as a welcomed surprise. Not only had the two leaders differed greatly on such paramount issues as the tariff, Powderly also had

officially denounced the Order's alignment with any particular political party. The rousing speech in favor of George seemed to change all that. But Powderly was quick to point out—both publicly and in private—that his differences with George regarding the tariff were irrelevant to the mayoral race, and that he supported George not as chief officer of the Knights but as a concerned individual.³⁵

Regardless of what Powderly's intentions might have been, the support that he and other labor leaders lent to George appeared to suggest the emergence of a new political alliance. New York City's Central Labor Union, the labor organization responsible for placing George on the ballot, seemed to have forged a unique—albeit fleeting—solidarity between labor activists, revolutionary socialists, and the single tax movement.³⁶ Ultimately, however, no such alliance would materialize. Not only did George lose his mayoral bid—placing a strong second behind the Democratic reformer Abram Hewitt and well ahead of the Republican candidate Theodore Roosevelt—but the defeat also alienated many of George's supporters, especially labor leaders like Powderly and Gompers, who were reminded by the loss of the frustrations of political alliances.

Despite George's limited political success in 1886, it should come as no surprise that labor leaders were reluctant to support George, and that more radical socialists openly denounced his candidacy and the single tax idea.³⁷ Henry George's single tax was based on a totalizing social theory that attempted to solve all the problems of modern capitalism with a single panacea. Ultimately, the narrow means of relying on only one solution to the myriad of problems confronting modern society revealed the conservative anti-statist nature of George's social theory. Put simply, Henry George's single tax retained a sense of radical individualism as it sought to address what George saw as the root of all evil: the private appropriation of land rent. George claimed that economic rent was often created not by improvements in the land but by the increasing growth of society, and that this private appropriation of public value was the cause of all the dislocations of modern industrial life; it was responsible, in his view, for low wages, economic depressions, monopolies, and above all else poverty itself.³⁸

Like George, most members of the Knights were concerned with the just distribution of wealth.³⁹ But unlike George, many, including even Powderly, did not think that solving the land question would remedy all the ills of modern industrial society, or more importantly that collective action or state intervention should be discouraged. George, ultimately, was a *laissez-faire* ideologue who wanted to preserve the sanctity of private property while limiting the actions of the state to the collection of a single tax on economic rent. For the Knights and other labor organizations, collective action and state regulation held out much greater promise. For example, as one writer to the *Journal of United Labor* observed, taxation could be used not only to raise revenue, but also to regulate the increasing concentration of wealth and power.⁴⁰ Similarly, laborites throughout the country disagreed with George's ambivalence towards capital; whereas many of them saw the eternal conflict of industrialism as a battle between labor and capital, George seemed to counterpoise it as a struggle between labor and land. Thus, the Knights of Labor and other trade-based

unions endorsed the tax on land as just one small part of a much larger agenda aimed at bettering the lives of the working class.

Labor's dissatisfaction with the single tax appeared to grow steadily after George's failed bid for mayor; as it did, concepts like the income tax slowly became increasingly attractive for urban workers. In the wake of the election, George and his followers attempted to hijack the fledgling labor party by steering the organization's energies away from general industrial relations towards the single tax. Labor leaders such as Gompers joined socialists in denouncing George's attempts to transform the labor party into a single tax party. 'Henry George's theory that the taxation of land values will relieve the work-people employed in factories, mines and mills of their present misery and poverty is a snare and a delusion,' one labor newspaper declared. 'No sensible trade unionist will take any stock in George's patent medicine.'⁴¹ By renouncing the single tax, the leaders of reform parties were creating the space necessary to open up the social dialogue on tax policy. The progressive income tax and other egalitarian fiscal measures such as the inheritance tax would only gain currency in this social dialogue, however, if the popular support for the single tax could be diminished. Unmasking George as a radical individualist was one thing, completely discrediting the single tax was another, and the latter proved to be a much more difficult challenge.

One reason why the single tax continued to have an unyielding hold on the popular impressions of rank-and-file producers was surely because of its clarity and simplicity. In contrast to what intellectuals and labor leaders had been saying about the infeasibility of the single tax, quotidian workers could not resist its simple and straightforward solution. Ordinary trade unionists, like Stephen Bell, could observe their surroundings in the late 1890s at the tail end of the depression; they could see the 'poverty and helplessness of a large mass of our people' in places like Brooklyn and conclude that the 'remedy is the single tax on the site value of land.' Whether it was frustration with their plight or whether it was their desire for latching on to an idea that promised so much, many everyday producers believed deeply in the single tax. For workers like Bell, the highbrow resistance to the single tax was inexplicable. 'I am tired of asking people to read the books of Henry George,' Bell complained. 'The very clearness and simplicity of his scheme is a stumbling block to labyrinthine yet feeble intellects who are looking for some extremely complicated remedy for a badly complicated social disease. But if men would only really use the little brains they have they might see that without a place (land) labor can do nothing.'⁴²

Some labor leaders did not take kindly to the rumblings of the likes of Stephen Bell, and they responded in kind with their own harsh words against the naiveté of the single tax.⁴³ Still, they could not completely extinguish the popular appeal of Henry George and his ideas. This may, in fact, explain why the American labor movement was not able to focus its energies on other tax issues, most notably the income tax. Despite the efforts of labor leaders, the single tax remained a relatively constant distraction. Although the KOL demanded graduated income taxes as part of its official reform agenda and the AFL called for a more equitable distribution of

tax burdens, these demands did not immediately translate into legislation.⁴⁴ Income tax proponents would have to wait until labor unions and agrarian associations could unite in their support for tax reform before there was any hope of triggering the social movement for a progressive income tax.

The Labor–Farmer Alliance and the 1894 Income Tax

Advocates of the income tax did not have to wait long, however. The imminent rise of the People's Party in the 1890s not only strengthened the ties within the producing classes, it also invigorated the income tax movement. The rise and fall of the alliance between organized labor and agricultural associations is a well-told story. Scholars of American Populism and labor history have documented how members of the KOL came together with farmers in the early 1890s to launch the People's Party, and how the reluctance of labor leaders such as Samuel Gompers and leading socialists to join the party hampered its achievements from the beginning. The conventional narrative also explains how the People's Party realized significant, but disappointing, electoral gains during the early and mid 1890s, only to have their movement divided by internal strife, and their momentum absorbed by the Democratic Party in 1896 when it coopted many of the issues as well as the national symbol of Populism, William Jennings Bryan.⁴⁵

What is often neglected, however, in the standard account of the labor–farmer alliance is how this potent, yet ephemeral, political alignment brought together the key social movements supporting the creation of the new fiscal state. By transmitting ideas about the income tax to its members, the People's Party re-energized the movement for progressive taxation. While its diverse membership included single-taxers, as well as farmers, socialists, and of course laborers who benefited from the tariff, the 'demand' for 'a just and equitable system of graduated taxes on income' was a prominent part of the Cincinnati, St Louis, and Omaha platforms that launched the People's Party.⁴⁶ Over time, the national agenda of the People's Party would be absorbed and domesticated by the Democratic Party, but before the Democratic Party usurped the calls for a progressive income tax, it was farmers, laborers, and a long tradition of state and national third parties that moved the taxation of income to the center of the political stage in the early 1890s.⁴⁷

Yet, if the emergence of the People's Party can be seen as adding fuel to the Populist fire, it was economic conditions—namely the panic of 1893 and the ensuing depression—that ignited the grassroots movement for the income tax. Marked by many economic historians as 'among the severest depressions in the United States,' the contraction of the mid-1890s brought with it an unemployment rate of about 20 percent of the work force, a bank failure rate that was surpassed only by the Great Depression, and a rate of general business failures that was utterly astounding to most contemporary commentators.⁴⁸ With a nation caught in an economic downturn, and with the Populists exerting pressure on the Democrats, who controlled both the House and the Senate, a moderately graduated income tax law was enacted in 1894. Using the technical aspects of the Civil War income tax as a model,

Congress imposed a relatively low tax rate of 2 percent on all incomes and profits above the rather high exemption level of US\$4,000.⁴⁹

Behind the rhetorical flourish of Congressional and Senate debates over the new tax law, there was a wellspring of national support for the income tax from the producing classes. Farmers and their agricultural associations led the way. Petitions, like the one from the Kansas Farmers' Alliance of Rile County, flowed into House and Senate offices requesting that national lawmakers support the new income tax legislation. Criticizing how the federal government had become overly reliant on borrowing to fund its needs, the Kansas farmers requested a national tax on all incomes above US\$5,000—an exemption level that clearly put all common workers out of reach.⁵⁰ Similarly, agrarian associations in the Northeast also recognized that an income tax could go a long way towards alleviating some of the uneven distribution of fiscal burdens. A petition sent by a Massachusetts Grange to its Congressional Representative on the Ways and Means Committees seemed to sum up how many farmers felt: 'The American Farmer has heretofore and is now paying more than his just proportion of taxation, and believing that an internal revenue tax upon incomes will tend to equalize the burden of taxation, Resolved: That the members of Gramby Grange No. 157 Request our Representatives in Congress and also our Senators to use their best efforts to place such a law upon the Statute Books of our Country.'⁵¹

While the economic conditions of the 1890s and the labor–farmer alliance certainly helped push the 1894 income tax law into being, enactment was neither assured nor inevitable. There was, in fact, significant and substantial opposition to the new income tax law, not surprisingly from business circles. In their locally organized Chambers of Commerce, business leaders made it quite clear how they felt about the new income tax provisions.

Leading the charge against the income tax was the Chamber of Commerce of the State of New York. In its petition, which became the template for chambers of commerce and boards of trade throughout the country, the New York businessmen contended that it would be 'unwise to impose a tax on incomes' not only because of the constitutional implications, but because the law would adversely impact the most vulnerable persons of society, those on a fixed income. 'The experience of the year 1893 shows,' the petition stated, 'that the incomes of persons engaged in agriculture, industry and trade vary with the prosperity of the country, so that people generally do not know from one year to another how much they may have earned. Persons who draw regular salaries, widows and orphans whose estates are managed by Courts, and other persons living on fixed incomes, would sustain the brunt of this burden, while they are least able to bear it.'⁵² The New York business leaders, of course, neglected to add that the new law would only affect those individuals living on an annual income above the relatively high exemption level of US\$4,000, or that the existing system of tariffs and consumption taxes already disproportionately affected those 'vulnerable persons' listed in the petition. Nonetheless, countless petitions from such organized business groups poured into Congressional offices.

This conservative opposition to the 1894 income tax suggests that the law in that

year, and the eventual institutionalization of the income tax in the early twentieth century, may not have been the product of ‘centrist’ or ‘corporate liberal’ influence, as some modern scholars have contended.⁵³ At least initially, it appears that centrist politicians and representatives of corporate liberalism fought tooth and nail against the imposition of an income tax. Indeed, because national politicians were able to enact a tax that, with a high exemption level of US\$4,000, affected only a small fraction of the wealthiest Americans the working class of farmers and laborers was able, in part, to graft its ideological position onto tax policy. Although the 1894 tax law would be short-lived, with the Supreme Court striking down the law in the following year, that initial post-Civil-War income tax would become the model not only for the 1913 national income tax, but also for the first effective state-level income tax in Wisconsin in 1911.⁵⁴

The Response to *Pollock*

If the 1894 income tax symbolized the triumph of the producerist ideology or the Populist Revolt in the realm of tax policy, the Supreme Court’s decision striking down the law in the following year seemed to set back the income tax movement. In *Pollock v. Farmers’ Loan and Trust Company*, the court struck down the 1894 income tax law as a violation of the direct tax clause of the US Constitution.⁵⁵ *Pollock* only seemed to reaffirm to many workers and farmers that they were fighting an uphill battle not just against capitalists, but against the capitalist system.⁵⁶

Characterizing the decision as ‘cowardly,’ S. B. Hoefgen of the AFL endorsed the common belief that ‘the court undoubtedly leans, consciously or unconsciously, to the interests of wealth and capital.’ The judiciary, Hoefgen claimed, was, after all, part of the ruling elite. ‘The judges in their intercourse with their fellowmen are, almost exclusively, with the class that is opposed to the income tax or a system of bans that would tend to a more equal distribution of the products of labor,’ Hoefgen continued. ‘So great is this influence that it must become the fixed policy of the people to always elect a chief magistrate who will exert the influence of his office in the appointment of judges, as vacancies occur, who will be swayed by the many rather than by the few with whom they have personal intercourse.’⁵⁷

Most members of the producing classes in 1895 probably did not follow all of the technical legal details of the *Pollock* decision. The Court’s acrobatic maneuvers around the direct tax and uniformity clauses of the Constitution—not to mention the long line of precedent supporting income taxation—probably did not capture the imagination of most quotidian workers. Still, understanding the effects of the decision did not require any legal training. On its face, the Court’s conclusion smacked of injustice. Even if the decision was the correct interpretation of the constitution, many workers reasoned, its meaning was blatantly against the spirit of the document. ‘If it is found that the vast revenues of the Astors, derived from rents, can not be taxed,’ Hoefgen wrote, ‘while the tenants can be taxed on the income derived from the business carried on on the real estate, the decision of the court nullifies the preamble’ of the US Constitution. Hoefgen went on to recommend that,

given the holding of the Court, 'we should amend [the constitution] as speedily as possible.'⁵⁸

The editors of the *American Federationist* took their analysis of *Pollock* a step further. Rather than criticizing the Court for striking down a statute that had the potential to shift the burden of taxation onto those with a greater ability to pay, the editors thanked the justices for doing away with a law that in their estimation was not radical enough. As they saw it, because the 1894 income tax did not distinguish between different sources of income, it was 'at variance with the people's desire.' Since the law taxed income from labor and income from property equally, the measure was not strong enough in redistributing wealth. Ignoring the fact that the US\$4,000 exemption level excused the vast majority of workers from paying the income tax, the editors resolutely held to the principle—shared by many in the laboring class as well as the academy—that those with 'unearned' income innately had a greater ability to pay more taxes. Just as other tax reformers and theoreticians sought to design a law that taxed the 'unearned' income from capital and other property at a greater rate than the earnings from labor, the editors of the *American Federationist* held out hope for a more robust income tax law. The editors thus concluded that 'the decision simply wipes out a law that was made odious to the great mass of our people.' Because of 'the manifest injustice imposed upon many of our people by the mutilated measure, we feel like tendering to the majority of the United States Supreme Court our sincere thanks for their last kindly act in connection with the so-called income tax law.'⁵⁹

The *American Federationist's* critique of *Pollock* seemed at odds with the general opposition to the Supreme Court decision. But even if their comments were out of the mainstream, their tone coalesced with the social movement for a constitutional amendment overturning *Pollock*. As S. B. Hoefgen predicted, the decision acted as a galvanizing force for income tax supporters. Soon after the decision, labor leaders began focusing on how direct taxation in general could, indeed, be the best way to alleviate the increasing concentration of wealth.

Though it would take well over a decade before income tax proponents could solidify their support to ratify a constitutional amendment overturning *Pollock*, labor leaders began to focus on the moral and ethical aspects of progressive income taxes almost immediately after *Pollock*. After the Supreme Court decision, direct taxes on income and inheritances became much more than simply a way to replace government revenues lost by a revised tariff. Direct taxes were increasingly seen as the just and ethical way not only to raise government revenue, but to halt the growing concentration of wealth.⁶⁰

Towards the end of the nineteenth century there was growing empirical evidence, garnered by professional social scientists, attesting to the increasing concentration of wealth in the nation. These social scientific studies, however, were not simply academic discussions; they often seeped into the consciousness of rank-and-file workers as they read their labor newspapers. The *American Federationist*, for example, published an article soon after *Pollock* in the summer of 1895 that summarized the findings of some of these recent studies. 'Today the sun looks down

on the most unequal and inequitable distribution of wealth that has probably ever been seen,' proclaimed Eltweed Pomeroy, the AFL writer. Citing the different studies recently released, Pomeroy favored the one conducted by the lawyer and editor Charles B. Spahr of New York. Acknowledging that Spahr was an 'independent in politics, with leanings toward the people's party,' Pomeroy amplified how Spahr's study of New York estates convincingly demonstrated that the disparity of wealth had entered a new historical epoch.⁶¹

Among the primary causes of this new concentration of wealth, Pomeroy identified 'indirect and inequitable taxation, and special and monopoly privilege' as the most significant. Yet, Pomeroy's recommendation was not to draft a constitutional amendment to overturn *Pollock*, and hence to use progressive income taxes to attack this consolidation of wealth. Rather, he put his faith in the progressive inheritance tax. 'There is only one remedy for the present condition, which is to take the property when it has no owner, its former owner being dead,' Pomeroy wrote. 'This will gradually but surely produce a more uniform distribution of wealth, kill the vain ostentation of enormous riches, check improper and harmful power, and help to remove the discontent now festering so sorely in our fertile land.' Not unlike Henry George, Pomeroy seemed to rely completely on one levy as the solution to all problems, fiscal and otherwise. The inheritance tax, 'or charge, or duty,' as Pomeroy preferred to call it, is 'of the highest social and economic justice, and, by making the progression on its rate rapid, in a few generations a much more even and equitable distribution of property can be attained, without injustice to any, and, at the same time, the state supplied with an ample revenue.'⁶²

While Pomeroy may have been as naive as George in thinking that one levy could by itself address the growing disparity of wealth, his identification of indirect taxation as the common enemy of the working class was consistent with the overall feelings among most labor reformers. Indirect taxation was equated by many with the tariff, and it was seen as the most inequitable form of taxation. Though importers initially paid the duty, they easily passed along this tax as part of the final price of their goods.

Even if many ordinary workers and farmers did not read the tax treatises of lawyers and economic theorists, they were well aware of how indirect taxation operated. Any reformer or worker leafing through the pages of the AFL's official newsletter would come to understand the injustices of indirect taxation. William H. Johnson, the economic correspondent for the *American Federationist*, spelled out quite clearly the insidious mechanics of indirect taxation. In a lengthy article published soon after *Pollock*, Johnson articulated how 'from the beginning,' indirect taxes like the tariff have 'been a source of interminable strife, an inexhaustible fountain of injustice, and one of the chief means by which colossal fortunes have been built up at the expense of labor.' Contending that indirect taxes 'should never have gained admittance into republican America,' Johnson explained that direct taxes, such as those on income, bore more directly to the transparency and accountability of liberal democracies. In addition, direct taxes corresponded with 'that first principle of taxation, which is, that all citizens should contribute to

support of the government as nearly as possible in proportion to their respective abilities.⁶³

Measuring one's tax obligations by the amount of one's wealth or income was an idea that seemed to resonate with Johnson. 'Revenue being needed to bear the expense of the government,' he wrote, 'the plain and honest thing to do is to assess all citizens according to the amount of interest which they have at stake in the maintenance of the state, outside of their own lives—that is, the amount of their possessions or if you choose the extent of their pecuniary ability.'⁶⁴ Indirect taxes violated this fundamental principle of taxation by hiding the true costs of governance and shifting them to those least able to bear such costs. The tariff, in particular, Johnson argued was

devised to draw the money from the working people chiefly, and then to cover up the amount so taken, that they might be squeezed without knowing it. It was seen that if a man should be taxed ten dollars for the privilege of wearing an overcoat, he would rebel against such an outrage, but if, by any hocus-pocus, he could be prevailed on to buy the garment, with the tax added to its original cost, he would not suspect the extent of his robbery. This is the method of indirect taxation. It shifts the burden from shoulder to shoulder, growing heavier all the time, until, at last, it sticks on the shoulders of the consumer.⁶⁵

In simpler terms, Johnson called indirect taxes a 'system of disguised extortion.' Though he did not explicitly endorse either an income or inheritance tax as the best form of direct taxation, he stated that 'the fairest system of taxation is the simplest and openest.'⁶⁶

Many within the farmer-labor alliance agreed with Johnson's assessment. The People's Party had from its origins supported steeply progressive income taxes as a way to attack the growing concentration of wealth. And in 1896 when the People's Party fused with the Democratic Party to support Bryan's candidacy for president, an income tax was part of the Democratic Party's national platform for the first time.⁶⁷ The fusion of the independent People's Party with the mainstream Democrats was a mixed blessing for supporters of tax reform. On the one hand, the union signaled the return of the income tax to the national political stage. No longer limited to the dreams of independent third parties, the income tax in 1896 seemed again to be a viable national policy prescription. Yet, the combination of the People's Party with the Democrats also came at a cost. By absorbing some of the Populists' main policy recommendations such as the income tax and the strict control of monopolies, the Democratic Party also domesticated their meanings. Potentially radical measures were neutralized amidst the Democratic Party's larger political agenda. For example, Bryan's singular focus on the silver question, as demonstrated by his famous 'Cross of Gold' speech, marginalized many of these other issues, including the income tax.⁶⁸

Despite the ambiguous achievements of the income tax within the Democratic Party, McKinley's defeat of Bryan in 1896 was an unambiguous setback for tax reform. The Republican Party, for the most part, refused to recognize the income tax as a viable policy, and continued to use its tariff strategy to maintain protectionism.⁶⁹

Nevertheless, the calls for tax justice remained strong, though somewhat muffled, among laborers and farmers. The alliance between producers seemed to crumble after the 1896 presidential election, but the popular desire for tax justice continued.

The Road to the Sixteenth Amendment

The ratification of the Sixteenth Amendment not only was a long and arduous process, but, more importantly, demonstrated how the income tax implicated sectional and class differences. Getting three-fourths of the state legislatures to accept the new amendment at a time when the political winds of state politics were rapidly changing and when new states such as Arizona and New Mexico were being admitted meant that the entire process would take nearly four years to complete. While the amendment was introduced in 1909 by conservative lawmakers as a way to forestall more radical tax reform, it was not until 1913 that the amendment was ratified by the states. At the start, even many supporters of the income tax doubted whether the amendment had the sufficient backing of enough wealthy industrial states, particularly those in the Northeast and the Atlantic seaboard. Several states, including New York, initially rejected the amendment only to reconsider it and approve it in a subsequent or sometimes even the same legislative session.⁷⁰

Proponents of the income tax understood that the fate of the Sixteenth Amendment was hinged to tariff revision. Though tax reform at the time was generally tinged with a moral and ethical basis, pragmatically an income tax was only politically viable if it was tied to the economics of tariff reduction. Income tax proponents retooled their rhetoric accordingly. Making radical redistributive claims on behalf of direct taxes on income would surely lead to political failure. Income tax supporters thus played down the redistributive potential of direct taxation, and emphasized the anti-monopoly and economic arguments for an income tax. Yet these reformers knew that replacing the regressive indirect consumption taxes of the tariff with a direct tax on income was in itself a redistributive process. Shifting even some of the fiscal burdens of financing a modern state from the vast majority of working class consumers to earners of large incomes was one way to alter the allocation of economic resources not only between classes but from industry to agriculture and between different regions of the country.

To implement this subtle form of redistribution, tax reformers realized that before they could institute a new fiscal order, they needed to emphasize how the working class paid an inordinate amount of taxes under the prevailing tariff and consumption tax regime. Discussion of the Sixteenth Amendment provided an opportunity to underscore this point. The editors of the *Washington Post*, as early as 1906, described how labor was the source of all wealth, and hence the principal source of government revenues. 'Labor pays all demands, and especially does labor pay taxes. The world has no income except from labor, and the world pays its expenses from its income.' As an example of labor's all-consuming burden, the editors pointed naturally to the tariff. 'Mr. John Wanamaker,' the editors wrote, using the famous Philadelphia retailer as an example, 'imports from abroad immense invoices of

ribbons and pays vast sums on them at the custom-house in discharge of tariff taxes. Mr. Wanamaker does not perform that duty as a patriot or a philanthropist, but he does it as a merchant. He shifts the tax, and the matrons and maidens who wear those ribbons pay the tax on them.⁷¹

Conservative forces opposed to the income tax did not sit idly by as tax reformers cultivated support for the Sixteenth Amendment. Not only did opponents of the income tax re-energize the Republican tariff strategy that held protectionism in place through much of the nineteenth century, they also began using the income tax to terrify the working class. Just as the business community in the 1890s claimed that the income tax would harm the most vulnerable members of society, politicians and newspaper editors during the ratification process contended that an income tax would touch the working class as much as the wealthy.

Kentucky Governor Augustus O. Wilson mastered this rhetorical ploy when he intervened in his state legislature's discussions of the constitutional proposal. 'There is a popular fallacy that with a Federal income tax, it will be the Carnegies and Rockefellers and other multi-millionaires who will pay for running the Government. The poor man does not regard his wages or salary as "an income,"' Wilson contended. 'The fellow out West thinks that the rich man in New York is the one who is going to pay this income tax;' Wilson continued, 'the man away from the rich centers thinks that the burden will fall exclusively upon the rich centers. ... The poor man or the man in moderate circumstances does not regard his wages or salary as an income that would have to pay its proportionate tax under this new system.' In Wilson's estimation the income tax amendment gave 'Congress the power to levy a tax on the profits of farms, factories, stores, on the earnings of all men and women in whatever work or calling, and on all other kinds of income.' The income tax would not herald a new fiscal order, according to Wilson; it would simply maintain the current injustice in a new form. 'Under our present system of taxation it is the mass of the people who bear the burden, not the multi-millionaires. Under a Federal income tax the same condition would exist.' Although Wilson failed to explain explicitly why the income tax would not alter the social affects of taxation, he seemed to imply that once Congress was given the power to tax income it would naturally eliminate any exemption level and tax the working class as much as the wealthy.⁷²

Governor Wilson's contentions did not fall on deaf ears. Organized labor had always been cautious of granting too much discretionary power to the emerging administrative state. The notion that the income tax could easily be transformed from a class tax to a mass tax with lower exemption levels struck fear in the hearts of many laborites. Conservative politicians were not the only ones making this argument, however.⁷³

Newspaper editors opposed to the income tax used similar tactics to dissuade ratification of the amendment. Editors at the *Wall Street Journal* used the French experience with income taxes to suggest that no one was safe from the pervasive reach of an income tax. The editors admitted that with the recently instituted French income tax 'the French laborer finds the wealthy Frenchmen contributing of their means to the revenues of the Government as never they did before.' But the editors

emphasized that the French working class were unaffected by their income tax because of its high exemption level. By contrast, the American income tax, because of constitutional restrictions, would have to be uniform. Through a rather distorted reading of the ‘uniformity clause’ of the Constitution, the editors argued that any exemption would be a violation of uniformity. Ignoring Supreme Court precedents, the editors reiterated the claim made by David Wells many years earlier: that any form of discrimination in applying the income tax was unfair. ‘The American workingman for whom the advocates of the income tax feel so deeply, would,’ the editors concluded, ‘find the collector of the tax demanding like percentage from him on the whole amount of his income that would be demanded from his wealthier neighbor.’⁷⁴

These rhetorical threats about the application of the income tax against the working class were, as it turns out, the last gasp for opponents of the Sixteenth Amendment. By 1912 when the changing tide of American politics, and the split in the Republican Party, ushered in Democratic control of Congress, the presidency, and numerous state-level governments, the political support for the tariff regime seemed to be crumbling. When Champ Clark of Missouri replaced ‘Uncle Joe’ Cannon as Speaker of the House in 1912, Democratic pro-income tax forces could confidently claim that the triumph of the Sixteenth Amendment was in sight. Indeed, Clark as a champion of free trade had long opposed the protective tariff even when it benefited his constituents from Missouri’s zinc- and lead-mining industries. Together with Joseph Bailey and Cordell Hull, Clark was one of the leading Democratic national lawmakers supporting the income tax.⁷⁵

With the ‘End of Republican Rule,’ as the *New York Sun* put it, the Sixteenth Amendment sailed through ratification during the early part of 1913.⁷⁶ Yet, the amendment by itself did not determine the design of the new income tax laws. The battle over the effectiveness of the new levy now moved within the national legislative process, and here again the future fate of the income tax was tied to tariff revision. Opponents of the tax, though they had lost the ratification battle, attempted to moderate the bite of the new tax laws. Turning back to how the tariff protected American industries and hence American workers, opponents of tax reform claimed that an income tax coupled with tariff revisions would hurt industry and decrease the demand for labor.

By this time, even the anti-income-tax *New York Times* had had enough of the false promise of protectionism. Although the *Times* did not support the income tax, its editors did firmly believe in free trade and they sought to allay any concerns that an income tax tied to tariff revisions would harm American labor. ‘So far as the workingmen are concerned,’ the editors wrote, ‘there is not the slightest reason for apprehension. The duties needed for revenue will be quite large enough to prevent a sudden and disturbing reduction of wages.’ As free traders, the editors believed, on the contrary, that a reduced tariff could in fact help American labor. ‘With arbitrary high cost of materials due to the tariff reduced, the industries of the United States will have opened to them wider markets and will be placed on a more stable footing, to the direct and indirect advantage of the workingmen.’⁷⁷

Socialist leaders of the working class, who had long been skeptical of the tariff, by 1910 had come to renounce the benefits of protectionism. Unlike the heads of the mainstream national labor organizations, who held an ambivalent view towards protectionism, socialists denounced the so-called benefits of the tariff for workers. Victor Berger, the Milwaukee socialist who had been elected to the US House in 1910, maintained that 'there is no such thing as protection to labor in any tariff bill.' Speaking before his House colleagues, Berger explained how the tariff adversely affected the working class. 'Every tariff, high or low, means that it hits the poor man worst. So long as a tax is placed on the necessities of life, it will fall upon the poor man much more heavily than upon the rich man.' Despite this criticism of the tariff, even Berger realized that 'free trade is no panacea.' The long-lasting legacy of protectionism in the United States meant that 'there are whole communities built up on tariff schedules on some manufactured commodity.' Any drastic changes to this trade policy would place these communities in jeopardy. Berger advised, instead, that 'when society is willing to undertake the transfer of workers from a dying industry to a flourishing one we can then welcome any radical change in the tariff that seems best for the Nation as a whole.'⁷⁸

Berger did not have to wait long. Although his dreams of a political economy that consistently retrained displaced workers remained elusive, in 1913 significant tariff reduction tied to an income tax became a reality. That first post-Sixteenth-Amendment income tax was moderate in its exemptions and tax rates. It established a 1 percent tax on corporate and individual incomes above US\$3,000 (US\$4,000 for married couples), and had progressive 'surtax' rates that peaked at 6 percent for incomes over US\$20,000.⁷⁹

Nevertheless, the 1913 income tax law became the opening wedge of the new fiscal order. National representatives of agrarian regions and working class Congressional districts, who tried unsuccessfully to make that first income tax more radical, would soon be able to point to the 1913 law as the beginning of the end of the old system of federal taxation. Senator William Thompson of Kansas, one of the supporters of a more radical income tax, presciently predicted that 'when the income tax is firmly established as a permanent law of the country, it should be greatly increased and the amounts collected thereunder increased until most of the revenues of the country may be derived from this source.'⁸⁰ Similarly, during the Congressional debate over the income tax, the Progressive Republican Ira C. Copley, who represented a large working class district in northern Illinois, contended that steeply graduated income taxes were 'the best way of equalizing the opportunities which society in this country offers to certain men in securing more than their fair share of the benefits derived from the labors of other men.' Unlike the tariff, which affected the working class disproportionately, a highly graduated income tax, Copley argued, came directly from swollen wealth. 'If there is one tax which bears lightly on the shoulders of the individual paying it, it is that which is paid out of a surplus income,' Copley proclaimed. 'It galls no shoulders, though it will probably gall some hearts.'⁸¹

Although the high rates of taxation (peaking at 68 percent) that Copley recommended were rejected by his Congressional colleagues in 1913, the lawmaker

confidently predicted 'that within 10 years some such law will be written on the statute books of this country by the American Congress.' Such laws, Copley suggested, ought to be used not to supply the growing federal military appetite, but to alleviate the burden of taxation on the common man and his family. He recommended that the revenues from highly progressive federal income taxes 'be turned back to the various states to be used by them in lightening the burdens of taxation of the poor and less fortunate people, and not as alms and charity but as equalizing the burdens.'⁸²

Copley, Thompson, and their fellow supporters of progressive taxation did not have to wait as long as ten years for more radical income tax laws. With the onset of the Great War, the new fiscal polity amassed an enormous amount of administrative as well as substantive taxing powers. The revenues from the wartime tax laws did not go directly back to the states, as Copley had suggested. Instead, they were used for the American military in its mobilization for the war, as Copley had feared. Nevertheless, the highly progressive taxes of the First World War were only possible because of the institutional beachhead established by the 1913 income tax law, and because of the belated support that the income tax movement had from the American working class.⁸³

Conclusion

The social movements for tax reform at the turn of the twentieth century played an important, though tentative, role in the creation of the modern American fiscal state. As daily consumers of ordinary items, the mass of working class people were the ultimate taxpayers of the nineteenth-century fiscal polity. Although the subtle and silent nature of the regressive system of consumption taxes may have escaped the notice of some people within the working class, the high cost of living due to this regressive system of taxation did capture the attention of many social reformers. Working within the producing class of farmers and laborers, these reforms highlighted the inequity of the prevailing tax structure.

Yet many of the leaders and rank-and-file members of the social movements for tax reform did not see the income tax as an immediate solution to the fiscal problems of the times. The long-lasting legacy of the protective tariff, and the Republican Party's entrenched national coalition supporting it, blurred the vision of even the most ardent of income tax supporters. While the import duties penalized workers and other ordinary Americans by imposing a higher cost of living, these imposts also provided protection to many American workers and their respective industries. The ingrained political and economic interests supporting the protective tariff thus posed a challenging internal obstacle to the tax reform movement.

Social reformers interested in addressing the inequities of public finance were similarly distracted by other concerns. The overwhelming dominance of the 'silver question' clouded any clear thinking on tax matters. But it was the allure of Henry George's single tax that blinded many laborites from seeing the income tax as a more

palatable and equally potent way of attacking economic wealth and privilege. Although the single tax may not have provided the same material benefits to the working class that the tariff did, George's conceptual focus on land taxation and his radical rhetoric attacking monopoly power provided a psychological palliative for the many working class Americans who were searching anxiously for a solution to the modern problems of urban-industrial society. The single tax, in sum, seemed to provide a simple moral and ethical vision of tax reform.

Thus, before the grassroots movements for an income tax could develop any autonomous momentum, they had to first divorce themselves from the distractions of the tariff, the single tax, and monetary reform. Of course, while the monetary questions were resolved with the establishment of the gold standard, tax reformers at the turn of the century would never be completely free from the pull of the single tax or the tariff. Henry George's idea for land taxation would eventually dissipate, but the tariff with its links to international trade policy would remain a controversial topic throughout the twentieth century and into the twenty-first.

Still, tax reformers from the working class were able to voice their protests over the prevailing system of taxation; they were able gradually to move the political discussions of the income tax from the margins of social discourse to the center of public policy. The momentous events of amending the US Constitution, creating an early set of moderate though pivotal income tax laws, and then injecting this new system of public finance with a robust redistributive edge during the First World War all required a social commitment to go along with the many other forces that were building the new fiscal order.

Through their ideas, their petitions, their voting power, and their support for independent political parties, ordinary American tillers and toilers were able to effect social, political, and legal change despite resistance from the affluent and economic elite. Taking on the political and economic elites who were attempting to destroy or domesticate the tax reform movement at every turn, quotidian farmers and laborers were eventually able to unite, and to help supplant the nineteenth-century structure of indirect federal taxation. They were able to provide the social, grassroots support necessary to dismantle a regressive system of taxation and put in its place the institutional foundations for a more egalitarian and progressive structure of public finance. Four decades earlier John Sherman, the Chairman of the Senate Finance Committee, could not have predicted that the producing class would have played such a pivotal role as part of the 'popular clamor,' but the tone of his 1870 speech could not have been more accurate—the public outcry for a fairer system of taxation was indeed 'more mighty than the waves of the sea.'

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Collier, Dan Ernst, Luis Fuentes-Rohwer, Mike Grossberg, James Huston, Scott Lien, Rebekah Mergenthal, Bill Novak, Joe Slater, and Amy Stanley.

Notes

- [1] *Congressional Globe, Forty-First Congress, Second Session* (Washington, 1870), 4716, quoted in Stanley, *Dimensions of Law in the Service of Order*, 22; ‘Congress; One More Effort on Behalf of Tariff Reduction,’ *New York Times*, 24 May 1870, 5.
- [2] Popular and even scholarly perceptions of tax history often presume that American political culture has always been opposed to taxation. See, for example, Adams, *Those Dirty Rotten Taxes*; Beito, *Taxpayers in Revolt*. By contrast, another line of scholarly interpretation has identified how democratic ideals and the search for social justice have shaped the historical evolution of American taxation. See Ratner, *Taxation and Democracy in America*; Blakey and Blakey, *The Federal Income Tax*; Brownlee, *Federal Taxation in America*; and Brownlee, *Funding the Modern American State*.
- [3] The literature of American labor law history has often emphasized the role of the judiciary in influencing organized labor’s anti-statist tendencies. Forbath, *Law and the Shaping of the American Labor Movement*; Hattam, *Labor Visions and State Power*. This emphasis on ‘business unionism’ elides another aspect of the American labor movement’s political tradition, one that labor’s support for an income tax highlights, namely, labor’s demands for positive state action. For more on this second aspect of the labor movement, see Fink, *Workingmen’s Democracy*; Orren, *Belated Feudalism*; Dubofsky, *The State and Labor in Modern America*; Greene, *Pure and Simple Politics*; Sanders, *The Roots of Reform*.
- [4] *Historical Statistics of the United States*, 1106–8; US Department of Treasury, *Statistical Appendix*, 12.
- [5] ‘Testimony of Conrad Carl,’ in US Senate Committee on Education and Labor, *Report of the Committee of the Senate*, 413, 415–16, 419.
- [6] *Ibid.*
- [7] Reitano, *The Tariff Question in the Gilded Age*, 72–73; Wolman, *Most Favored Nation*, xix. For more on the importance of the tariff to the Republican Party in the late nineteenth century, see Bensel, *The Political Economy of American Industrialization*, Ch. 7, 457–509.
- [8] ‘The Functions of Law,’ *Journal of United Labor*, 16 April 1887. The editors elaborated that ‘legislation by the people presupposes intelligence and education. Ignorance can find no place in a government such as this. ... There is no ban on study and no bar to a wise and even comprehensive view of social and political economy; and labor journals alone offer to the diligent reader all that is needed to inform and enlighten.’ *Ibid.* For more on the Knights of Labor, see Fink, *Workingmen’s Democracy*.
- [9] Sisins, ‘Farmers and Mechanics.’ In addition to critiquing the national system of tariffs and monopolies, Sisins also laid equal blame for the working class’s subordinate position on what she called ‘the devil’s trinity—the indolence, extravagance and intemperance’ of many individual farmers and workers. Sisins, ‘Two Heavy Burdens.’ Sisins’s letters in the labor press demonstrate not only how the Knights reached out to working women, but also how issues important to women often stretched well beyond hearth and home. Although temperance and suffrage were arguably the dominant concerns among labor feminists, taxation was an economic issue that confronted them as consumers and property holders. Early suffragettes demonstrated how their property holdings and their payment of property taxes entitled them to the franchise, and in their roles as consumers women confronted how the tariff silently and insidiously affected the prices of common everyday goods. But as the example of Merlinda Sisins demonstrates, working class women were not just passive consumers; they also helped shape the social response to the regressive system of taxation. Levine, *Labor’s True Woman*, Ch. 5, 103–127; Jeffrey, ‘Women in the Southern Farmer’s

Alliance.' The connection between gender, the early suffrage movement, and the property tax is a more complicated issue which has been addressed by legal historians. Jones, 'Dollars and Selves,' Kerber, *No Constitutional Right to Be Ladies*, Ch. 3, 81–123.

- [10] Sisins, 'Two Heavy Burdens,' emphasis in the original.
- [11] The *Congressional Record* during this period is filled with proclamations by lawmakers in response to petitions by their constituents; see, for example, *Congressional Record, Fiftieth Congress, First Session*, 564, 1487.
- [12] Sanders, *Roots of Reform*, 160–61; Bensel, *Political Economy of American Industrialization*, 457–58. Furthermore, the revenues generated by the tariff were used by the federal government to pay pensions to Union army veterans, thereby insuring that this important voting constituency continued to support the tariff coalition. *Ibid.*
- [13] 'The Dangers of Politics,' *Journal of United Labor*, 10 December 1885; Fink, *Workingmen's Democracy*. The Knights' national motto of 'Agitate, Organize and Educate' summarized the national leadership's emphasis on uplifting the conditions of the producing class rather than challenging the existing structures of economic and political power.
- [14] The concept of taxation and the rights and obligations it implied were not foreign to many members of labor organizations. The Knights' General Assembly, for instance, collected a per capita tax from its members, and in its numerous demands for legislation in the realm of industrial relations, education, immigration restriction and even temperance, Knights often appealed to their status as 'citizens and taxpayers' when they called for state action. Knights of Labor, 'Constitution of the General Assembly,' Philadelphia, 1888, Article XVIII; 'Resolutions,' *Journal of United Labor*, 13 October 1880; 'What Is the Province of Government?' *Journal of United Labor*, 25 December 1884; 'What to Do with the National Surplusage,' *Journal of United Labor*, 12 February 1887. Members of the Knights, and other social associations, were thus inculcated into a tax-paying culture; they understood that taxes were part of the obligations of belonging to a larger community. In their position as consumers, moreover, laborers came into contact with national taxation on a daily basis. In fact, because the tariff disproportionately affected the working class more than the affluent members of society, taxation could become the rallying cry, many including Merlinda Sisins contended, to unite the producers against the plutocrats. Merlinda Sisins, 'Farmers and Mechanics.'
- [15] Wolman, *Most Favored Nation*, xx; Sanders, *Roots of Reform*, 218–19. For their part, Republican lawmakers argued that one way to address the issue of budget surpluses was to increase the tariff, and thereby reduce imports and customs revenue. Irwin, 'Higher Tariffs, Lower Revenues?'
- [16] 'Protection v. Free Trade,' *Journal of United Labor*, 9 April 1887, 2348. At other moments the editors of the *Journal of United Labor* were more forthright in their defense of protectionism, but again they deferred to education as the means for achieving aims associated with tax policies. 'Free Trade v. Poverty,' *Journal of United Labor*, 6 August 1887, 2466. Other leaders of the Knights took a more pessimistic approach to the debate over protectionism and free trade. Ralph Beaumont, the Knights' Washington lobbyist, agreed that most people discussing the issue of free trade would be 'blind as bats as to whether either or both ends [of the debate] will benefit them or injure them.' But rather than encouraging members to educate themselves on the important issue, he declared that in the end the tariff—like all political issues—would only redound to the benefit of the government and its wealthy supporters. Beaumont, 'Washington News Letter,' 2669.
- [17] Fink, *Workingmen's Democracy*, Ch. 4, 66–111; Bucki, 'The Workers' State.'
- [18] *Congressional Record, Fiftieth Congress, First Session*, 4406. In their petition, workers from the Ohio trade unions acknowledged that 'we receive our share of the benefits of protection on the industries we represent. We therefore emphatically protest against any reduction of the duties that will bring us on a level with the low price paid for labor in Europe. We insist upon the maintenance of a strong protective tariff in order to maintain an American standard of wages for American workingmen.' *Ibid.*

- [19] Taussig, *The Tariff History of the United States*, 252–55; United States Tariff Commission, *The Tariff and Its History*, 76–77. Bensel, *Political Economy of American Industrialization*, 476.
- [20] ‘Testimony of Mr. Adolph Strasser,’ Washington, DC, 8 May 1899, 267; ‘Testimony of Mr. George J. Thompson,’ Chicago, 29 March 1900, 722, in *Report of the Industrial Commission*.
- [21] ‘Testimony of Mr. A.M. Hammett,’ Washington, DC, 4 October 1900, 925; ‘Testimony of Mr. James Campbell,’ Washington, DC, 9 March 1899, 45–46 in *Report of the Industrial Commission*. Appeals to the protective tariff’s ability to maintain high wages for the working class have been a part of American tax policy from the beginning of the republic, and continue into the twenty-first century. Pincus, *Pressure Groups and Politics in Antebellum Tariffs*; Wolman, *Most Favored Nation*; Reitano, *Tariff Question in the Gilded Age*.
- [22] ‘Testimony of Mr. Horace M. Eaton,’ Washington, DC, 21 September 1899, 360–61, in *Report of the Industrial Commission*.
- [23] Carroll, *Labor and Politics*, 133–34; Lorwin, *American Federation of Labor*, 436–37.
- [24] George, *Progress and Poverty*; Young, *The Single Tax Movement*; Speek, ‘The Singletax and the Labor Movement.’ To understand George’s ideas within the context of late nineteenth-century American thought, see Thomas, *Alternative America*.
- [25] Knights of Labor, ‘Constitution of the General Assembly,’ Demand IV, Preamble. Ely, quoted in Foner, *History of the Labor Movement*, 120.
- [26] Shaw, ‘A Single Tax.’
- [27] ‘Give Back the Stolen Land,’ *American Federationist*, January 1896, 1.
- [28] Ritchie, ‘Whose Fault Is It?’ 102; Gay, ‘Is the Single Tax Enough?’
- [29] ‘Single Tax, Limited and Unlimited,’ *Journal of United Labor*, 22 August 1889; ‘Is The Single Tax Sufficient?’ *Journal of United Labor*, 19 September 1889. The single tax also had a similar hold upon that amorphous category of reformers within the radical middle class. Johnston, *The Radical Middle Class*, Ch. 11, 159–176.
- [30] ‘Is The Single Tax Sufficient?’ *Journal of United Labor*, 19 September 1889.
- [31] ‘The Land,’ *Journal of United Labor*, May 1883; Ware, *The Labor Movement in the United States*, 365.
- [32] Phelan, *Grand Master Workman*, 33.
- [33] Powderly, ‘Equitable Land Taxation.’ He urged members of local assemblies to ‘call a town meeting and appoint a committee to go through your town and find out how many men are holding on to lots with a view to speculation; then go to the assessor’s office and see if they are paying taxes according to the price they ask for their lots, and, if they are not, insist on their doing so.’ *Ibid*.
- [34] ‘Powderly’s Warm Words,’ *New York Times*, 2 November 1886, 2; Foner, *History of the Labor Movement*, 122–23; Greene, *Pure and Simple Politics*, 57.
- [35] Powderly, *Thirty Years*, 293.
- [36] Speek, ‘The Singletax and the Labor Movement,’ Scobey ‘Boycotting the Politics Factory.’
- [37] Foner, *History of the Labor Movement*, 120.
- [38] George, *Progress and Poverty*; for a concise biography of George, see Barker, *Henry George*.
- [39] ‘A Just Distribution of Wealth,’ *Journal of United Labor*, 24 September 1887.
- [40] ‘Taxpayers v. Jay Gould et. al.’ *Journal of United Labor*, 25 April 1886.
- [41] *Cigar Maker’s Official Journal*, April, May, 1887, quoted in Foner, *History of the Labor Movement*, 148; Speek, ‘The Single Tax and the Labor Movement,’ 116.
- [42] Bell, ‘A Monopoly of Wisdom, Honesty and Honor,’ 98.
- [43] ‘Note,’ *American Federationist*, July 1897, 98–99.
- [44] Knights of Labor, ‘Constitution of the General Assembly,’ Sanders, *Roots of Reform*, 38; American Federation of Labor, *Report of the Proceedings of the Annual Convention*; James, ‘American Labor and Political Action,’ 386–47.
- [45] Hicks, *The Populist Revolt*; Foner, *History of the Labor Movement*; Goodwyn, *Democratic Promise*; Fine, *Labor and Farmer Parties*; Sanders, *Roots of Reform*.

- [46] Hicks, *Populist Revolt*, 433–44.
- [47] In fact, a whole host of third parties, such as the Greenback Party and the Socialist Labor Party, included a graduated income tax as part of their official platforms well before the more mainstream Democrats absorbed the issue into their national agenda in 1896. Johnson, *National Party Platforms*.
- [48] Hoffman, *The Depression of the Nineties*; White, *The United States and the Problem of Recovery*; Livingston, 'The Social Analysis of Economic History and Theory.'
- [49] Brownlee, *Federal Taxation in America*, 38.
- [50] Kansas Farmers' Alliance of Riley County to Hon. John Davis, 18 January 1894, Fifty-Third Congress—Petitions; Ways and Means (HR 53A-33.10), Box #180, Folder 'Tax on Incomes, September 9, 1893—April 30, 1894,' National Archives and Record Administration, Washington, DC (hereinafter 'NARA'). The House Ways and Means Committee received petitions not only from taxpayers and their voluntary associations, but also from other national political leaders supporting the income tax; see Senators and Representatives from Arkansas to Committee on Ways and Means, 5 December 1893. *Ibid.*
- [51] H. J. Witmark, Secretary of Granby Massachusetts Grange, to Samuel W. McCall, 25 January 1894, Fifty-Third Congress—Petitions; Ways and Means (HR 53A-33.10), Box #180, Folder 'Tax on Incomes, September 9, 1893–April 30, 1894,' NARA. Other representatives of the producing class, particularly operators of local building and loan associations successfully petitioned Congress to obtain an exemption from the 1894 income tax law. As one such petition put it, because 'the money invested in these associations' are 'wholly the savings of thrifty wage earners. There is no class of corporations that are so much entitled to exemption as these, and there are no men, and women so deserving of Congressional consideration as those who compose these Associations.' John R. Forman, Secretary of Francisville Building and Loan Association of Philadelphia, to Honorable John E. Reyburn, 27 January 1894. *Ibid.*
- [52] Memorial from the Chamber of Commerce of the State of New York, 1 March 1894, Fifty-Third Congress—Petitions; Ways and Means (HR 53A-33.10), Box #180, Folder 'Tax on Incomes, September 9, 1893—April 30, 1894,' NARA. This New York petition became the template for dozens of other local chambers of commerce and boards of trade, who submitted nearly identical petitions to the Ways and Means Committee. *Ibid.*
- [53] Stanley, *Dimensions of Law*; Kolko, *The Triumph of Conservatism*, 112, 129; Sklar, *The Corporate Reconstruction of American Capitalism*, 422–23.
- [54] Buenker, *The History of Wisconsin*, 510–11. For more on the origins of the Wisconsin income tax, see Brownlee, *Progressivism and Economic Growth*.
- [55] 158 US 601 (1895).
- [56] Scholarly interpretations of *Pollock* have varied over the years. To an earlier generation of progressive scholars, *Pollock* symbolized the epitome of *laissez-faire* constitutionalism. See Paul, *Conservative Crisis and the Rule of Law*, Chapter 9, 185–220; McCloskey, *The American Supreme Court*, 140–41; Ratner, *Taxation and Democracy in America*, 193–214. Other scholars have described *Pollock* as the culmination of the nineteenth-century neutral state. Horwitz, *The Transformation of American Law*, 20–27. For more recent revisionist scholars, the *Pollock* decision has been seen as a Jacksonian attack on 'state capitalism.' Stanley, *Dimensions of Law*, Ch. 4, 136–175.
- [57] Hoefgen, 'Income Tax Decision,' 58.
- [58] *Ibid.*
- [59] 'The Income Tax Law,' *American Federationist*, June 1895, 71. Ironically, while labor unions and others sought to create a tax preference for income generated by labor, the historical evolution of tax policy moved in the opposite direction, providing a tax preference for capital gains throughout most of the twentieth century. For more on the origins of the capital gains tax preference, see Kornhauser, 'The Origins of Capital Gains Taxation.'

- [60] George McNeil of the AFL described the moral underpinnings of the income tax in one of his commonly cited quips: ‘Those who feel the halter draw have poor opinion of the law, and those who oppose the income tax prove their morals very lax.’ McNeil, ‘Short Sentences, but Great Truths,’ 3.
- [61] Pomeroy, ‘The Concentration of Wealth, and the Inheritance Charge,’ 1.
- [62] Ibid.
- [63] Johnson, ‘Economic Fallacies,’ 58.
- [64] Ibid.
- [65] Ibid., 59. Johnson went on to give a numerical illustration of how indirect taxes ultimately fell on consumers and hence were regressive taxes. ‘Suppose A’s income to be \$100,000, and his expenditure \$10,000. Since he is taxed only on the things which he buys, nine-tenths of his income escapes taxation, and this annual surplus quickly rolls up a splendid fortune. B has an income, let us say, of \$900, of which all is expended in buying the necessaries which his family requires. He pays taxes, therefore, on his entire income. In other words, government exacts a tribute from him on every dollar which he earns, while it takes from A only one dollar of every ten coming in to him.’ Ibid.
- [66] Ibid.
- [67] Johnson, *National Party Platforms*; Brownlee, *Federal Taxation in America*, 39.
- [68] Hicks, *Populist Revolt*, Ch. 13, 340–379; Foner, *History of the Labor Movement*, 332–44. For more on the political and cultural history of monetary reform during this period see Ritter, *Goldbugs and Greenbacks*.
- [69] Bense, *Political Economy of American Industrialization*, 482–84.
- [70] Buenker, *The Income Tax and the Progressive Era*.
- [71] ‘Labor Pays the Taxes,’ *Washington Post*, 30 November 1906, 6. One socialist reader of the *Post* responded to the 1906 editorial with an enthusiastic letter reaffirming the points made by the editors, and taking them a step further by arguing that even the profits earned by capitalists like Wanamaker were a kind of tax on labor. ‘Every mouthful of food [the ordinary worker] eats or ounce of coal she uses must pay its tribute to the rich in some form or other as dividends, as freight, or in the profit that is imposed by the middleman through whose hands they pass from the producer to the consumer.’ ‘Labor Pays the Tax; W.S. Boyd Indorses the Post Editorial,’ *Washington Post*, 2 December 1906, 10. Less than four years later when the Sixteenth Amendment was going through the ratification process, the editors at the *Washington Post* once again reiterated the importance of labor as a source of tax revenue. This time, however, they seemed more optimistic, perhaps overly so, that once lawmakers got the ‘tax question settled precisely,’ we ‘will have Utopia’ and all of us will be ‘happy and honest.’ ‘The Defeated Amendment,’ *Washington Post*, 19 March 1910, 6.
- [72] ‘Gov. A.E. Wilson on the Income Tax Amendment,’ *New York Times Sunday Magazine*, 26 February 1911, 13. Like Governor Charles Evans Hughes of New York, Wilson’s greatest fear about the federal income tax was its ability to ‘destroy the power of every State, county, or municipality to borrow money’ by taxing the income from government securities. Buenker, *Income Tax and Progressive Era*, 254–57.
- [73] Labor exhibited a similar fear of the administrative state when the AFL supported a universal minimum wage in the Fair Labor Standards Act as opposed to an industry-specific, adjustable minimum wage. For more on the legislative history of the Fair Labor Standards Act and its influence on the formation of the American welfare state, see Ruth O’Brien, ‘“A Sweat Shop of the Whole Nation”: The Fair Labor Standard Act and the Failure of Regulatory Unionism,’ *Studies in American Political Development* 15, no. 1 (Spring 2001): 33–52.
- [74] ‘How an Income Tax Would Work,’ *Wall Street Journal*, 24 July 1909, 6. The editorial also noted that with an income tax and a general property tax, ‘the American workingman would find his burden doubled ... were he the owner of real estate.’ Wells, ‘The Communism of a Discriminating Income Tax,’ 236.

- [75] Marshall, 'Champ Clark Talks of Divorce and Religion,' 13; Buenker, *Income Tax and Progressive Era*, 196–97.
- [76] Quoted in *ibid.*, 153.
- [77] 'Tariff for Revenue,' *New York Times*, 9 July 1912, 8. The editors of the *Times* were long-standing opponents of the income tax, and even when it was tied to tariff revisions they argued that income taxation was 'not a tax for needed revenue, but a tax for politics, and revenge upon the rich.' 'The Federal Income Tax,' *New York Times*, 5 July 1911, 10.
- [78] Berger, *The Wool Schedule*.
- [79] Pub. L. No. 63, Statute I—1913, Chapter 16, Sections II-A, II-C, *Statutes at Large of the United States of America*.
- [80] 'Income Tax for Revenue; Kansas Senator Thinks the Law Eventually Will Furnish Most of the Country's Income,' *Wall Street Journal*, 3 September 1913, 7.
- [81] *Congressional Record, Sixty-Third Congress, First Session*, 1246.
- [82] *Ibid.*
- [83] For more on organized labor's response to the First World War, see McCartin, *Labor's Great War*.

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