

# *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*

Chrystia Freeland, (then) Global Editor at Large, Reuters –  
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Henry George is the most famous American popular economist you’ve never heard of, a 19th century cross between Michael Lewis, Howard Dean and Ron Paul. *Progress and Poverty*, George’s most important book, sold three million copies and was translated into German, French, Dutch, Swedish, Danish, Spanish, Russian, Hungarian, Hebrew and Mandarin. During his lifetime, George was probably the third best-known American, eclipsed only by Thomas Edison and Mark Twain. He was admired by the foreign luminaries of the age, too – Leo Tolstoy, Sun-Yat Sen and Albert Einstein, who wrote that “men like Henry George are unfortunately rare. One cannot image a more beautiful combination of intellectual keenness, artistic form and fervent love of justice.” George Bernard Shaw described his own thinking about the political economy as a continuation of the ideas of George, whom he had once heard deliver a speech.

In 1886, the year the Statue of Liberty was erected, George came second in the New York mayoral race, attracting an official tally of 68,110 votes and beating the Republican candidate – a rambunctious young patrician named Theodore Roosevelt. George’s supporters alleged that if it were not for vote-rigging by the Tammany Hall machine – whose candidate, Abram Hewitt, was the winner – George would have been elected mayor. But even as runner-up, George is credited by many with ushering in the Progressive Era in American politics. Frederick Engels called the vote “an epoch-making day” and a St Louis labor leader predicted it would become “the battle cry for all the enslaved toilers from the Atlantic to the Pacific.”

George’s unexpected effectiveness at creating a working class electoral coalition both inspired progressive politicians – including the 28-year-old Roosevelt – and helped persuade business elites of the prudence of compromise. Abram Hewitt, son-in-law of millionaire Peter Cooper and the successful Tammany Hall man, himself recognized, “that 68,000 people have deliberately declared that they have grievances which ought to be addressed.” George ran for mayor of New York again 1897, but died four days before election day. He was given a statesman’s send-off – his coffin lay in state at Grand Central Station, where more than 100,000 people came to pay their respects. It was the largest crowd of mourners since Abraham Lincoln’s funeral in 1865. The New York Times quoted one George fan who said, “Not even Lincoln had a more glorious death.”

George’s political quest was driven by what he relentlessly defined as “the great enigma” of 19th century America – the puzzling co-existence of, as he put it in the title of his best-seller, *Progress and Poverty*. As he declared during the 1886 mayoral campaign, the two key questions were: “Why should there be such abject poverty in this city?” and “What do we propose to do about it?”

Like most Americans of his era – a time when the industrial revolution was coming into full flower and the American frontier was being settled – George thrilled to the self-evident progress of the times. “The present century has been marked by a prodigious increase in wealth producing power,” he writes in the opening of *Progress and Poverty*.

“The utilization of steam and electricity, the introduction of improved processes and labor-saving machinery, the greater subdivision and grander scale of production, the wonderful facilitation of exchanges, have multiplied enormously the effectiveness of labor.”

George goes on to list some of the amazing transformations of his age:

“the steamship taking the place of the sailing vessel, the railroad train of the wagon, the reaping machine of the scythe, the threshing machine of the flail ... the great workshops where boots and shoes are turned out by the case with less labor than the old-fashioned cobbler could have put on a sole, the factories where, under the eye of a girl, cotton becomes cloth faster than hundreds of stalwart weavers could have turned it out with their hand looms... “

Today, ‘the wealth-producing power’ of those inventions is indisputable. Even at a time of weak economic growth, and after decades of stagnant wages, middle class Americans enjoy a standard of living beyond the reach of the robber barons of George’s day – electricity, plumbing, hot running water, cars, jet travel and longer lives. But in March, 1879, when *Progress and Poverty* was published, the ‘Long Depression,’ a 65-month long period of economic contraction which afflicted both the U.S. and Europe, was just whimpering to an end. From that perspective, the perplexing reality was that the industrial revolution wasn’t delivering:

“We are coming into collision with facts which there can be no mistaking. From all parts of the civilized world come complaints of industrial depression; of labor condemned to involuntary idleness; of capital massed and wasting; of pecuniary distress among businessmen; of want and suffering and anxiety among the working classes.”

What George found most mysterious about the economic consequences of the industrial revolution was that its failure to deliver economic prosperity was not uniform – instead it had created a winner-take-all society:

“Some get an infinitely better and easier living, but others find it hard to get a living at all. The ‘tramp’ comes with the locomotives, and almshouses and prisons are as surely the marks of ‘material progress’ as are costly dwellings, rich warehouses and magnificent churches. Upon streets lighted with gas and patrolled by uniformed policeman, beggars wait for the passer-by, and in the shadow of college, and library, and museum, are gathering the more hideous Huns and fiercer Vandals of whom Macaulay prophesied.”

George’s diagnosis was beguilingly simple – the fruits of innovation weren’t widely shared

because they were going to the landlords. This was a very American indictment of industrial capitalism: at a time when Marx was responding to Europe's version of progress and poverty with a wholesale denunciation of private property, George was an enthusiastic supporter of industry, free trade and a limited role for government. His culprits were the rentier rich, the landowners who profited hugely from industrialization and urbanization, but did not contribute to it.

George had such tremendous popular appeal because he addressed the obvious inequity of 19th century American capitalism without disavowing capitalism itself. George wasn't trying to build a communist utopia. His campaign promise was to rescue America from the clutches of the robber barons and to return it to "the democracy of Thomas Jefferson." That ideal – as much Tea Party as Occupy Wall Street – won support not only among working class voters and their leaders, like Samuel Gompers, but also resonated with many small businessmen. Robert Ingersoll, a Republican orator, attorney and intellectual, was a George supporter. He urged his fellow Republicans to back his man and thereby "show that their sympathies are not given to bankers, corporations and millionaires."

America today urgently needs a 21st century Henry George – a thinker who embraces the wealth-creating power of capitalism, but squarely faces the inequity of its current manifestation. That kind of thinking is missing on the right, which is still relying on Reagan-era trickle-down economics and hopes complaints about income inequality can be silenced with accusations of class war. But the left isn't doing much better either, preferring nostalgia for the high-wage, medium-skill manufacturing jobs of the post-war era and China-bashing to a serious and original effort to figure out how to make 21st century capitalism work for the middle class.

Globalization and the technology revolution aren't going away – and thank goodness for that. Industrialization didn't go away either. But between 1886, when George lost the mayoral race, and the presidency of FDR, American progressives invented, fought for and implemented a broad range of new social and political institutions to make capitalism serve the whole of society – ranging from trust-busting, to the income tax, to the welfare state.

We are living in an era of comparably tumultuous economic change. The great challenge of our time is to devise the new social and political institutions we need to make the new economy work for everyone. So far, that is a historic task neither party is taking on with enough energy, honesty or originality.

This post is adapted from *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*

[http://www.huffingtonpost.com/chrystia-freeland/plutocrats-book\\_b\\_1997899.html](http://www.huffingtonpost.com/chrystia-freeland/plutocrats-book_b_1997899.html)

Christina Alexandra "Chrystia" Freeland, PC MP (born August 2, 1968) is a Canadian writer, journalist, and politician. She was appointed Canada's Minister of Foreign Affairs in January 2017, succeeding Stéphane Dion. She worked in a variety of editorial positions at the *Financial Times*, *The Globe and Mail* and *Thomson Reuters* (where she was the managing director and

editor for consumer news), before announcing her intention to run for the Liberal Party nomination in the by-election to replace Bob Rae as the Member of Parliament for Toronto Centre. After winning the Liberal nomination on September 15, 2013, she was elected to parliament in the November 25, 2013 by-election. Appointed to the Cabinet of Canada as Minister of International Trade on November 4, 2015, Freeland was named that month as one of Toronto's 50 most influential by *Toronto Life* magazine. On January 10, 2017, Freeland was appointed the Minister of Foreign Affairs.

Freeland is the author of *Sale of the Century*, a 2000 book about Russia's journey from communism to capitalism and *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else* in 2012. *Plutocrats* was a *New York Times* bestseller, and the winner of the 2013 Lionel Gelber Prize for non-fiction reporting on foreign affairs. It also won the 2013 National Business Book Award for the most outstanding Canadian business-related book.

— See [https://en.wikipedia.org/wiki/Chrystia\\_Freeland](https://en.wikipedia.org/wiki/Chrystia_Freeland)

Henry George's book *Progress and Poverty* is widely available online, both in its unabridged form and in a modern abridgement by Bob Drake. See [progressandpoverty.org](http://progressandpoverty.org) and [wealthandwant.com](http://wealthandwant.com). A later book, a collection of essays entitled *Social Problems* is a good introduction to George's ideas, as are some of his speeches, including "The Crime of Poverty," "Thou Shalt Not Steal," "Thy Kingdom Come." Those and others are available in the online library at [schalkenbach.org](http://schalkenbach.org), and George's books are available in their online bookstore.