

RIDDLE AND ANSWER

IN DECEMBER, 1868, Henry George left for the East to seek membership in the Associated Press for The *San Francisco Herald*, a newly revived Democratic newspaper which had hired him for this mission.¹ It was agreed that if he could not wangle an Associated Press contract he was to establish a special Eastern news service for the *Herald*.

From his seat of vantage on the four-horse "mud wagon" crossing the plains (the transcontinental railroad was not yet finished, although thousands of Chinese coolies had been imported to work on it),² George had a fine opportunity to see the vast expanse of countryside and to ask many questions of the experienced driver.

Were these vast tracts of virgin land, stretching to the far horizon, part of the "alternate sections" that had been deeded to the railroad, along with the mile-wide strips that would border the tracks on either side? Were they some of the twelve million acres presented the Union Pacific by Congress?³ Were they some of the lands that had been bought from the Indians by wily white men for two cents an acre, and sometimes paid for, not in money but in merchandise?⁴

There was much to ponder over during that bumpy, jerky ride in the springless, lumbering stage—enough, indeed, to make Henry George forget his physical discomfort. However, when he reached the railroad and boarded a sleeping car it seemed like the height of luxury even though he had to share his berth with a stranger.

He went straight to Philadelphia to join his wife and children and to be reunited with his parents and his brothers and sisters, whom he had not seen for eleven years. It was a joyous meeting but his time at home was short. Engaging a boyhood

friend, John Hasson, as his assistant, he went to New York to lay the *Herald's* appeal before the Associated Press.

New York had changed as he remembered it from boyhood. Its population numbered nearly one million. Castle Garden, the old concert hall at the Battery, had been turned into an immigration depot to accommodate the many thousands of newcomers.⁵ In this expanding metropolis, in contrast with the palaces of the rich (a two-million-dollar home was being built for a newly wealthy merchant)⁶ were ten thousand tenements which the immigrants helped to crowd to overflowing. The poverty was reflected in the death rate, which was double that of London.

Henry George waged a stubborn but hopeless fight with the Associated Press. While he was in New York he contributed a letter to the *New York Tribune* attacking some of the problems of the West.⁷ He criticized the Wells-Fargo Express for its recklessness in handling mail and the Central Pacific Railroad for its excessive freight charges. As to the railroad, he wrote, there would be some excuse for its policies if it had been constructed by private means—

But it has been, and is being, built literally and absolutely by the money of the people, receiving liberal aid from cities, counties and State of California, as well as the immense gratuity of the general government. . . . The Central Pacific can dictate to California, Nevada and Utah, and the Union Pacific to the States through which it passes more completely than the Camden and Amboy dictated to New Jersey, and each or both will be able to exert an almost irresistible pressure upon Congress in any manner in which their interests are involved. The Central already influences conventions, manages Legislatures, and has its representatives in both Houses at Washington. . . .⁸

Failing to get the Associated Press franchise for the *San Francisco Herald*, George returned to Philadelphia and began collecting all the news he could, wiring it in cipher to his paper. His small and independent service proved to be so good that the other San Francisco papers, which were members of the Associated Press, brought pressure on the Western Union Telegraph Company. As a consequence, George was denied the use of Western Union wires from Philadelphia. He promptly moved back to New York and continued to send news from there. But Western Union countered by posting a new schedule of rates

which proved to be an increase in charges for the *Herald* and a reduction for the Associated Press.

Strangely enough, George's employer did not protest, and the young newspaperman fought the dragon of monopoly alone in New York. "Let no man living impose on you," he remembered. He managed to reach high officers of Western Union, to whom he protested that the discrimination in service meant the crushing of his newspaper, but his protests were in vain.

His failure prompted him to write a report to Eastern newspapers. Only one, the *New York Herald*, published it. This exposure of monopoly again failed to sway Western Union, and the San Francisco paper's telegraph news service had to be curtailed so much that competition with its Associated Press rivals became impossible.⁹ At this juncture Henry George said good-by to his family in the East and at the end of May returned to San Francisco.

The six months on the Atlantic coast had meant failure and defeat. Yet they shaped the course of his life. His bitter experience at earning a living in bountiful California was bad enough, but he had found conditions even worse in the East. In these crowded cities where material development was far advanced and where, closer to the culture of Europe, there had been fifty years more of "civilization" than there had been on the Pacific frontier, Henry George felt that wealth should be more abundant. Yet men begged and sweatshops flourished in the very shadow of magnificent churches and luxurious homes.

Indeed, the contrast was inescapable. While in the West a few controlled vast tracts of rich soil and affected the lives of a minority who toiled on those wide lands, in the East a similarly privileged group owned less acreage but wielded unbelievable power over a majority crowded into the great cities. Prominent in this New York City group were the Astors, Goelets, Livingstons, and Rhinelanders; the Trinity Church Corporation, mulcting the very people to whom it doled charity; and the Sailor's Snug Harbor Foundation, financing its benevolences to a few old seamen by extracting high rents from landsmen.

If in the West sudden fortunes were made and lost in mining adventures, in the East fortunes were made and lost in Wall Street. Henry George saw in this a form of gambling more pernicious in its effect than that which centered around the digging for metals, and lacking its virtues. In California were the "Big

Four," dishonestly acquiring land titles, subsidies, and franchises through corruption of politicians and law courts.¹⁰ But New York also had its privileged few who, through flagrant bribing of the conscienceless State Senator William Marcy ("Boss") Tweed and his famous ring, contrived at criminally low cost to get title to the highly valuable waterfront of Manhattan Island as well as to franchises and public utilities and rights-of-way.*

In California was the ubiquitous railroad with far-reaching powers that seemed to take toll of every enterprise in the state. But in the East was a chain of railroads extracting subsidies from a much greater public, making appallingly heavy levies on industry, and through the knavery of their chief manipulators (Cornelius Vanderbilt, Jay Gould, and their cohorts) corrupting the courts and city and state governments.¹¹

East and West, George thought, the unscrupulous few were able to prey upon the weak many—the few becoming richer; the many, more impoverished. And side by side with wealth stalked want. Human beings seemed to be starving in the midst of plenty. Certainly no beneficent Creator could have willed it so! There must be some natural law that was being broken, else why this unequal distribution?

Which should he do: attack the political dishonesty or seek out the cause of privilege?

It seemed hopeless that any one man could make an impression in the fight against these monster wrongs—let alone a man who had just failed to vanquish a comparatively small monopoly. And why should he, Henry George, who wanted to live quietly and provide a life of ease for those he loved, who wanted to study and travel and read history and poetry and to write a novel—why should he even attempt this apparently unequal struggle?

Not yet thirty, small, slender, shabbily dressed, the type of man who would pass unnoticed in a crowd, he had roamed the great metropolis, through its public squares and past its mansions and its tenements, seeking out the answer to the gnawing question. The shocking contrast between immense wealth and debasing poverty allowed him no peace. And putting aside the dream he once had cherished of acquiring wealth for himself,

* Henry George, Jr., *The Menace of Privilege* (New York: Macmillan, 1905); Gustavus Myers, *History of the Great American Fortunes* (New York: Modern Library, 1938).

he asked only to be shown the way to relieve this suffering—and the strength to do it.

And then: "Once in daylight, and in a city street, there came to me a thought, a vision, a call—give it what name you please. But every nerve quivered and there and then I made a vow."¹²

And from this vow—to seek out and remedy, if he could, the cause that condemned people to lives of squalor and misery—he never faltered.

The remedy, the answer to the riddle of progress and poverty, was to come sooner than George knew. But in the meantime, back in California, he plunged into new work. Severing his editorial connection with the *San Francisco Herald*, for which, however, he set type for a time, he wrote editorials for *The Evening Bulletin* and made his first attempt to enter the political arena. He tried to get a nomination on the Democratic ticket for the State Legislature, where he hoped to fight the telegraph, express, and railroad monopolies. This effort failed when he refused to pay the assessment asked by the party managers. Disappointment seemed to follow disappointment.

But then a door opened in what had seemed a blank wall. Henry George received his first offer of an editorship.

He had become acquainted with Governor Henry H. Haight¹³ of California at a meeting of the American Free Trade League. Haight, like George, had been a Republican and had turned Jeffersonian Democrat. The two men found that they had much in common. When the owners of a little Democratic paper, the *Oakland Transcript*, were looking for a capable man as editor, Haight influenced them to select George.

While in New York he had written an article in which he discussed in general the relation of capital and labor and in particular the wage question as it concerned the hordes of Chinese coolies migrating to the Pacific coast and toiling uncomplainingly for forty dollars a month.¹⁴ Taking note of the rising feeling among white laborers against these immigrants, George noted:

Our manufacturers have talked of the pauper labor of Manchester, Leeds and Sheffield. Here is cheaper labor at their own doors. Labor which will deem itself well remunerated by wages upon which English operators could not keep themselves out of the poor house—which will not agitate for its own rights, form trade unions, or get up strikes: which will not clamor for eight hour laws, but will labor

without murmur twelve or fourteen hours a day, not even asking Sundays; which is patient, submissive, enduring, with the patience, submissiveness, and endurance which countless ages of tyranny have ground into the character of the down-trodden peoples of the East.¹⁵

Although the author pointed out that this problem on the Pacific coast was at bottom a labor problem, he contended also that since there was such a thing as family, nation, race—and the right of association—there is the “corelative right of exclusion.”

The article had been printed on the front and second pages of the May 1, 1869 edition of the *New York Tribune*, occupying four and three-quarters columns. While writing it, “wishing to know what political economy had to say about the cause of wages,”¹⁶ he had read, and had been deeply impressed by, John Stuart Mill. This, in spite of the fact that Mill was both a Malthusian and a materialist while George was neither one.

He sent a copy of the *Tribune* article to the Englishman and, to his surprise and delight, a letter of commendation arrived. This letter, together with a long editorial, George now printed in the *Oakland Transcript*. The fact that the celebrated British economist should write at such length to a young, almost unknown editor, and on a subject so important to California, caused much comment. “Concerning the purely economic view of the subject,” Mill had written, “I entirely agree with you; and it could be hardly better stated and argued than it is in your article in the *New York Tribune*.” But he suggested that the “character and habits” of the immigrant Chinese might be improved. “If every Chinese child were compulsorily brought under your school system, or under a still more effective one if possible, and kept under it for a sufficient number of years,” the British economist asked the young California editor, “would not the Chinese population be in time raised to the level of the American?”

It was soon after this that the answer to the riddle of the problem of poverty came to Henry George while on one of the long horseback rides which were his principal recreation.

He had ridden his mustang into the hills around Oakland and had stopped to let it rest. Absorbed in thought, he gazed over the vast stretches of unused land on every side. A teamster passed and the two men exchanged greetings. For want of some-

thing better to say, George asked casually what this land was worth.

"I don't know exactly," said the teamster. And, pointing in the direction of some grazing cows, small in the distance, he added, "But there is a man over there who will sell some land for a thousand dollars an acre."¹⁷

A thousand dollars an acre! Why, it was worth only a small fraction of that! This soil had no greater fertility than thousands of acres further away. Further away . . . not so near to the growing colonies of men.

And quick as a flash came the answer to the riddle that had troubled him.

When settlers came, when population increased, land would grow in value. Without a stroke of work on the part of the owner (who could go live in Siam if he wished), these idle stretches would become, with the expansion of the cities of Oakland and Berkeley and San Francisco, worth a fortune to him. In anticipation of this rise in value, the owner was now holding his land for one thousand dollars an acre. Soon he would be able to collect the value that he had had no part in creating.

Suddenly it was clear to George that land value is not the result of a man's labor but of the growth of the community and the development of its activities. Morally, he reasoned, this unearned gain "belongs in usufruct to all." To permit a few individuals to take for their aggrandizement this wealth that is created by the community thereby forces the community to levy exactions upon labor and thrift for the maintenance of its services. The very process, while thus penalizing labor and thrift, offers rewards to the few for withholding land from use to the many—rewards that accrue to the speculator, the profiteer in that which is absolutely necessary to human life. . . . Here were fundamental reasons for the increase of poverty along with increase of wealth.

"I then and there recognized," he wrote long after, "the natural order—one of those experiences that make those who have them feel thereafter that they can vaguely appreciate what mystics and poets have called the 'ecstatic vision.'"¹⁸