

RIDING the crest of victory from Civil War days, Ulysses S. Grant emerged in 1865 a war hero, waiting in the wings to turn his popularity into political gain.

However, engaging in political combat was not comparable to waging war. One of his most admirable traits, honesty, could not be transmitted to some of his subordinates. Corruption and bribery were rampant throughout his administration.

It was not until 50 years later that this nation would witness its like, under President Harding, and 100 years later during the Watergate years. But during this era, dishonesty was not confined to the environs of the White House but permeated the fabric of Civil War society.

Following the Civil War, corruption grew in New York City with the Tammany organization under Boss Tweed. Most offices of city government were up for sale, including things like bids for contracts. It is estimated that between \$50 to \$200 million was stolen from citizens' pockets (a sizeable amount even in today's terms). There was much corruption in the Administration and in Congress.

The whole thing erupted in the Credit Mobilier scandal which exposed dozens of legislators in dishonorable and illegal actions. Credit Mobilier had been formed by promoters of the Union Pacific, a leading railroad builder. Union Pacific funneled money to the Credit Mobilier, but many Congressmen had been given stock in order to gain their favors. Stockholders received excessive profits at the expense of the almost bankrupt railroad company.

And that was only the tip of the iceberg. Grant's Secretary of War, his vice President and officials of the Treasury Department were all involved in varying degrees of graft, bribery and favoritism.

Although corruption had become commonplace, it was not the only concern that fostered a desire for reform. Concomitant with this moral deterioration was

Ferment of reform



STAN RUBENSTEIN looks back over a century

the ever increasing industrialization of the economy. Monopolies began to form. Because of the complex and often severe changes that society was witnessing – the movement from farms to cities, the isolation of the farmers, dependency of the labor market upon the corporate structure, industrial depressions and the general condition of poverty – reform was in the air.

In a situation like this reform, a change for the better, is not an isolated change, but one which carries over into many avenues of public and private life. Unless social ills are recognized by those motivated to redress society's grievances, no reform can occur.

In 1879, at the crossroads of ferment and change, Henry George, an unknown printer, made these observations:

"Disappointment has followed disappointment ... We plow new fields, we open new mines, we found new cities, we drive back the Indians and exterminate the buffalo, we girdle the land with iron roads and lace the air with telegraph wires, we add knowledge to knowledge and utilize invention after invention ... Yet it becomes no easier for the masses of our people to make a living. On the contrary, it is becoming harder ... The gulf between the employed and employer is growing wider; social contrasts are becoming sharper as

liveried carriages appear, so do barefooted children."

DURING this period, what was America like – a nation which had just fought its most destructive and brutal war?

Recessions and panics prior to the Civil War occurred with regularity, but the post-war recession which began in 1873 and lasted for several years was different. It was the first of several economic slumps that had its roots in the new industrialization.

The United States was already prepared to take its place as an industrial giant. The corporate structure began to replace the small businessman, farmer and factory owner. This structure represented vastness and consolidation, with the elimination of competition. The corporate structure began to rise in a nation unlike its earlier self in the small-town, pre-Civil War days. And the corporations had at their disposal the two ingredients necessary for industrialization – oil and steel.

Oil was discovered in the fields of Pennsylvania one year before Lincoln's election to the presidency. With this, America increased its wealth-producing capacity many times over. Within several decades of the implementation of oil energy, the first oil baron, John D. Rockefeller, rose as America's first billionaire.

It was not the accumulation of money by private groups that triggered off an avalanche of concern over the grouping of so much money and power, but the consolidation of the oil industry, and the questionable methods used to

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HENRY George significantly altered the social thinking of his contemporaries and those that followed him, particularly in his native land. No longer could the existence of poverty be disregarded. He had helped make people realize that much of it was due to social injustice which it was the government's clear duty to combat as effectively as possible.

After George died, the United States experienced a period of reform known as the Progressive Era, many of whose leaders acknowledge George as one of their prime sources of inspiration. Historian Eric Goldman reports that "an enormous number of men and women, strikingly different people, men and women who were to lead 20th century America in a dozen fields of human activity, wrote or told someone that their whole thinking had been redirected by reading *Progress and Poverty* in their formative years."

George's followers, both in America and abroad, coalesced into various organizations and engaged furiously in propaganda and politics. Early in 1909, Joseph Fels, manufacturer of Fels-Naptha soap, established the Fels Commission to finance single tax propaganda and politics both in the United States and abroad, particularly England.

Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form, and fervent love of justice.

— ALBERT EINSTEIN

During those years a number of single tax mayors were elected to office, including Tom L. Johnson, Frederic C. Howe, and Newton D. Baker in Cleveland; Samuel H. "Golden Rule" Jones and Brand Whitlock in Toledo; Mark M. Fagan and George L. Record in Jersey City; Hazen S. Pingree in Detroit; and J.J. Pastoriza in Houston. Try as they might, none of them could implant the land value tax in their cities.

However, the Single Tax Party was formed to

PROGRESSIVE INF



STEVEN CORD charts the colourful history of the Georgist Movement

contest the Presidential elections of 1920. The results were not encouraging, and were even less encouraging in 1924, despite a change of name to the Commonwealth Land Party. Here and there in the cities throughout the nation, little groups of single taxers would periodically meet to discuss their common philosophy, but the groups grew fewer and their size smaller with the passage of the years.

The Henry George School was founded in New York City by Oscar H. Geiger, a scholar who saw the need for a wider popular understanding of economics. It was chartered by the Board of Regents of the University of the State of New York in 1932 and has since established branches throughout North America.

John Dewey became the school's first honorary president during George's time. John C. Lincoln, the Vice-Presidential candidate in 1924 of the Commonwealth Land Party, provided substantial financial support; he was an inventor of arc-welding equipment and a successful businessman.

Since the 1930s, the school has grown and expanded to have branches in, among other states, Philadelphia (George's birthplace), San Francisco, Los Angeles, Long Island, Virginia, the Carolinas and New England. The school continues to offer free courses in economics to the public. State coordinators have been added to the Georgist network, disseminating the Georgist philosophy in new areas.

The Georgist movement was by no means confined to the land of George's birth. An International Union for Land Value Taxation and Free Trade was established which holds periodic international conferences. Henry George Leagues sprang up in many countries, but outside the British Empire, only in Denmark did they take permanent and extensive root.

Francisco Madero, first leader of the Mexican Revolution (1911), was a single taxer; he was soon assassinated. In Russia, Alexander Kerensky actually wrote a single tax provision into the new democratic constitution; the communists soon drove him into exile. In China, Sun Yat-Sen's single tax interest has already been mentioned; it has borne some fruit in the tax policies of the government on Taiwan. George's ideas had a scattered impact on some other countries as well.

But it was in Great Britain that the biggest battle was to be fought. Henry George's lecture tours had firmly planted a movement there. Public sentiment for a higher tax on land values to remedy extreme maldistribution of land was so substantial that no fewer than three Liberal Party Prime Ministers campaigned for the idea: Campbell-Bannerman, Asquith, and Lloyd George, not to mention Winston Churchill, then a Liberal leader but later a Conservative Prime Minister.

An active land tax movement in Australia and New

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form the monopoly. Corporation after corporation was swallowed up by Standard Oil as it became a giant monopoly and trust.

This new form of organization, the trust, was a legal means to control an industry. The trust absorbed other corporations by making corporate leaders trustees in the newly formed trust.

Along with this enormous concentration of wealth (one per cent of the population controlled more than 99 per cent of the nation's wealth) came the prevalence of poverty. As the rural-urban relationship changed, its

effects could be witnessed in the major cities as slums, crime and personal degradation increased.

An increase in the number of farmers added to urban congestion. Farmers accumulated significant debts and were squeezed economically by the high rates of railroad owners. The indebted agricultural community had become heavily dependent upon the railroad magnates for their livelihoods. And the city workers had seen their pay checks cut as they tried to compete with the new managerial class.

IT WAS a time for reform. Presi-

dents Hays, Garfield and Arthur took action to make certain structural reforms. But hopes reached a high water mark and change permeated the political climate when Cleveland was elected a reform candidate in 1884.

With the passage of the Interstate Commerce Act of 1887, "control" and "regulation" entered the lexicon of American politics. Railroads were ordered to establish "reasonable and just rates". Several years later, the Sherman Antitrust Act prohibited monopolies, stating, "Every contract, combination in the

form of trust or otherwise, or conspiracy in restraint of trade or commerce . . . is hereby declared illegal." The era of governmental regulation had begun.

Socialism, the ownership and regulation of industry, was advocated by Daniel DeLeon, as he garnered support from thousands of city workers, especially those working in sweatshops. Many Americans, however, felt that socialism was a European import, and therefore contrary to American values.

Socialism became Americanized when Eugene Debs emerged from the Pullman Strike in 1894

as a national labor leader. Although this type of economic reform had its adherents, it was by no means the only advocated route to reform. Various types of socialism permeated the spirit of reformers as they interpreted conditions according to their own specific backgrounds and experiences. Three such reformers stand out as having significant impact on the reform movement in our history.

Following in the footsteps of Utopian writers like Plato and Sir Thomas Moore, Edward Bellamy

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painted a panoramic scene of society which contained the best elements of a socialistic world. His novel *Looking Backward* is the story of Julian West who awakes in the year 2000 to a world where man has conquered the evils of poverty, war, crime and depravation. Industry is nationalized and no one wants for anything because wealth is distributed equally. With no private property, there is equal public access to culture.

Illustrating the folies of individualism and the necessities for group action, Bellamy says: "The difference between the age of individualism and that of concert is characterized by the fact that, in the 19th century, when it rained, the people of Boston put up 300,000 umbrellas over as many heads, and in the 20th century they put up one umbrella over the heads."

"One umbrella" refers to government efforts to improve sidewalk coverings. Individualism, with all its evils, had given way to governmental control in Bellamy's world—a world that had captured the imagination of thousands. Bellamy's National Clubs took root around the country.

Muck-raking, a type of mud-slinging journalism which still flourishes today, was begun by Henry Demarest Lloyd, a journalist who had shunned the desire for wealth. Lloyd saw first-hand the labor strife in the 1880s and the strangle hold that owners of capital had on the lives of workers.

He became a leading spokesman against trusts, monopolies and all forms of large consolidation. A critic of capitalism, he wrote articles against its abuses, maintaining that some types of control were needed in order to curb the disdainful appetites of capitalism.

Lloyd's most important and successful book, *Wealth Against Commonwealth*, was a vitriolic attack on John D. Rockefeller, then America's most successful business magnate. Lloyd says, "The Standard Oil has done everything with the Pennsylvania

An American

By
Michael
Gavaghan



• Henry George painted by George DeForest Brush

HENRY GEORGE wrote a book that is still, more than 100 years later, the best-selling economics book in world history. In between he sailed around the world as a 16-year-old cabin boy, panned for gold during the rush of the mid-1800s, and somehow combined these robust pursuits with an intense self-disciplined study of the world's great thinkers.

Does that sound incongruous? There's more. Though famous on three continents by the end of his life, George failed in his most vigorous effort to hold elected office at home.

In that contest, an 1886 race for mayor of New York City, he soundly defeated a Republican candidate by the name of Teddy Roosevelt, who was to become one of our more popular presidents, only to lose to an historical nonentity named Abrams Hewitt.

Enough contrasts? Hold on. Though a deeply religious Protestant, George became embroiled in an excommunication controversy that was to resound through the Catholic Church for generations. His admirers included Leo Tolstoy, George Bernard Shaw and Mark Twain, though the press of his day often portrayed him as a starry-eyed radical.

Henry George was born in Philadelphia in 1839. By most accounts he was intelligent, restless, religious and rebellious. He was never one for formal

legislature except to refine it ... America has the proud satisfaction of having furnished the world with the greatest, wisest and nearest monopoly known to history."

Through his articles and best-selling book, Lloyd was instrumental in arousing the public conscience concerning big business. His style and the emotional tone of his writing had its impact, not only on the public, but on legislators. His solution for a new order contained the idea that there "must be no private use of public power or public property. These are created by the common sacrifices of all, and can rightfully be used only for the common good of all — from all, by all, for all."

Rounding out the triumverate of reformers was Henry George. He was not a supporter of socialism but a critic of capital concentration and poverty. At the heart of poverty, with all its concomitant evils, he felt, was the institution of land ownership. Al-

though George recognized poverty, the maldistribution of wealth, the plight of workers and the strangling effect that captains of industry had upon the economy, he felt that the solution lay not in the nationalization of industry, but rather in the treatment of mother earth.

Land, which includes natural resources, was considered the warehouse of all potential wealth. No wealth can be produced unless there is access to land. But, George claimed, land began to be monopolized by the few, while the majority were compelled to pay for the use of that land. Land owners bring more land into use when it is profitable to do so. Otherwise they allow the land to remain vacant, waiting for its value to rise.

This speculation, in his view, was the culprit and land monopoly was the mother of most other monopolies. George's remedy was therefore to abolish land monopoly.

Unlike the socialist, George felt

original!

education, and set sail on a steamship called the Hindoo shortly after quitting school.

This 14-month journey took him to Africa, Australia and India, among other places, and his personal log shows the makings of the passionate and perceptive writer he was to become decades later.

George returned to Philadelphia, became a printer's apprentice, and tried to ignore his acute wanderlust. He failed. A friend's letter from the West Coast told of high wages for printers, and George set sail for California, which was to be his home for the next 20 years.

California was boom country then. The Gold Rush attracted thousands of fortune-seekers, the land was fertile and seemingly boundless, and businessmen paid top dollars to lure workers away from farming. And while those attractive salaries were what brought Henry George west, he could not resist several mining ventures of his own, each of which failed.

During his California years George married Annie Fox and began raising a family. He also was forced to endure a relentless cycle of boom-and-bust that seemed to afflict all working people. The Georges knew poverty intimately and Henry once wrote that if he had not received money from a well-dressed stranger, "I think I was desperate enough to have killed him."

that there were two factors responsible for producing wealth - labor and capital. Neither should be restrained in its power to produce wealth since each needs the other, prospering and suffering together.

The landowner benefits most from the prosperity that has been created by the worker and his tools, and is the inactive party in the wealth-producing system. By collecting the full rent from the land, he no longer makes a profit by owning that land.

Reformers of the 1800s - the Bellamys, Lloyds and the Georges - rose up during a time of increasing industrialization, poverty and corporate abuse. The individual had begun to be lost to the powerful "whole" of society. These reformers spoke up to make people notice the problem, become concerned and cause change. This spirit of reform has become an American institution, one which continues to help insure the rights of the individual, and of the less powerful.

What had driven this peaceful, honest man to such an extreme? Why were there suddenly so many able-bodied and ambitious workers unable to find work? What had happened to the great wealth-producing juggernaut called the industrial revolution?

The investigation of these questions and a proposed "remedy" formed the basis of George's first and greatest book, *Progress and Poverty*. He worked for two years on the manuscript. It was rejected by several New York publishers, so Henry George, former printer's apprentice, set the type for his masterpiece himself. With the generous help of a San Francisco printer he published a small author's edition in 1879. He was 40 years old.

Within two years George was famous. *Progress and Poverty* was translated into 15 languages. He travelled the globe, lecturing on political economy and the land question. His other books were *Protection or Free Trade?*, *Social Problems* and *The Science of Political Economy*.

In 1886, several prominent New York City labor leaders asked George to run for mayor. Organized labor was not especially fond of him (Samuel Gompers was an exception), nor was George a strong union man. But the laborites saw in George a candidate capable of upsetting the unacceptable nominees of the major parties.

George saw a chance to further publicize his theories. He accepted with a condition: 30,000 petition signatories would have to be collected in his support before he began the race, an extraordinary figure for that time. The union activists collected 34,000, and Henry George became a politician.

He took to the stump as to the manner born and played to wildly enthusiastic street crowds. He also engaged his leading challenger, Democrat Abram S. Hewitt, in a war of words in the pages of New York's daily newspapers. In an extraordinary series of open letters to each other, George and Hewitt practised an elegant and elevated mud-slinging not since seen.

George lost the election, outpolling Republic Theodore Roosevelt but falling 22,000 votes behind Hewitt. What was especially odd (and, many believed, suspicious) was that George tallied only twice as many votes as he had collected signatures on his nominating petitions.

In the days which became the gestation period of the notoriously corrupt Tammany Hall, it was deemed impossible to win without election inspectors. As these individuals were appointed only by the two major parties, George's defeat was probably inevitable.

Among his most ardent supporters during that campaign was a Catholic priest, Father Edward McGlynn of St. Stephen's parish and the founder of the Anti-Poverty League. McGlynn was warned repeatedly by his superiors not to participate in Henry George's activities, and he repeatedly replied that nothing George advocated was in conflict with Church doctrine. McGlynn paid for his support with excommunication.

George's later years consisted of international lecture tours and prolific writing. He was persuaded to take one more shot at the mayor's office in 1897. He died of a stroke during the campaign.

His funeral was massive and compelled even long-standing political opponents to sing his praises. As author David Hapgood recently noted: "As with most radicals, Henry George became praiseworthy once he was safely buried."



● David Ricardo (1772-1823): the English economist developed the theory of rent, best summarised in his aphorism "corn is not high [in price] because a rent is paid, but a rent is paid because corn is high". Henry George elaborated the theory into a coherent social and economic philosophy.