

Blog-Shmog

Henry George, Wealth Inequality, and Democracy

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An Interview with Edward T. O'Donnell, author of *Henry George and the Crisis of Inequality*
by **Dusty Sklar**

The tax upon land values is, therefore, the most just and equal of all taxes. It falls only upon those who receive from society a peculiar and valuable benefit, and upon them in proportion to the benefit they receive. It is the taking by the community, for the use of the community, of that value which is the creation of the community. It is the application of the common property to common uses. When all rent is taken by taxation for the needs of the community, then will the equality ordained by Nature be attained. No citizen will have an advantage over any other citizen save as is given by his industry, skill, and intelligence; and each will obtain what he fairly earns. Then, but not till then, will labor get its full reward, and capital its natural return.

—Henry George, *Progress and Poverty*

HENRY GEORGE was an American reformer whose major work, *Progress and Poverty*, sold in the millions in the late 1800s. He nearly became mayor of New York City and was defeated in what some say was a remarkably dirty election. His core insight was that private property in land is the central wrong that causes our deepest problems — poverty, unemployment, paralyzing cyclical economic depression. The ownership of valuable tracts of land and natural resources by a relatively few individuals siphons off the aggregate wealth created by the development of communities into the pockets of those few, so that society at large cannot benefit from social advances. Conditions actually worsen with social progress. George was not a socialist. He proposed a tax on land values, to be collected by each community.

Dusty Sklar recently interviewed Professor Edward T. O'Donnell, author of a new book (*Henry George and the Crisis of Inequality*, Columbia University Press, 2015) about Henry George.

Dusty Sklar: What caused you to want to reexamine the life, times and contribution of Henry George at this particular moment?

Edward O'Donnell: To tell you the truth, I started this book back in the early 1990s! Then every time I got close to finishing it, life intervened to force me to set it aside. In any case, what drew me to George then and continues to interest me now is his engagement with one of the central problems of capitalism: On the one hand, it produces so much wealth and life-improving technology, but on the other hand it has the tendency to generate growing economic inequality. In the late 19th century, there were two dominant responses to this problem. Business leaders and conservatives argued that nothing needed to be done. The free market, left alone by laissez-faire

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but his philosophy that makes it relevant now?

Age and up to the present day, most people who admired Henry George did not do so because they believed in his single-tax solution. Instead, what drew them to his message was his warning of the threat extreme economic inequality posed to a democracy. Modern economists had many virtues, he said, but if left unregulated it would produce a society of haves and have-nots. Such a society would not be the republic as envisioned by the Founding Fathers. As he wrote:

Everywhere is it evident that the tendency to inequality... cannot go much further without carrying our civilization into that downward path which is so easy to enter and so hard to abandon... [T]hough knowledge yet increases and invention marches on... and cities still expand... civilization has begun to wane when, in proportion to population, we must build more and more prisons, more and more almshouses, more and more insane asylums.

So even though people still possessed the right to vote, their descent into poverty and dependence at the hands of monopolies was rendering their democratic rights irrelevant. Ignore the grave threat posed by inequality to republican society and democratic institutions, George warned, and the American republic would soon devolve into a European-like society of the sort one read about in Dickens novels.

Why is this relevant now? Since 1980 the wealth gap — which had been shrinking since the 1930s — began to widen again. And the average wages and incomes (adjusted for inflation) for most Americans have stagnated or declined. All the while corporations have grown larger and more powerful both in the political sphere and in dealing with their employees (busting unions, moving jobs overseas). Wall Street and high finance have become major factors in the U.S. economy and in Washington, DC. All this had led many people to declare that we are now living in a Second Gilded Age, in which rising inequality and declining opportunity threaten American democracy. In so doing, they are echoing George's warning about the threat extreme inequality poses to democracy.

DS: He was such a prominent figure in the Gilded Age, exerting an influence on Leo Tolstoy, Clarence Darrow, John Dewey, Lincoln Steffens, Upton Sinclair, Ida Tarbell, Jacob Riis, and George Bernard Shaw, among others. Why do you suppose he isn't better known these days?

EO: To start with, I'd say Henry George has become a little better known in recent decades, due both to the rise in importance of social history (and labor history in particular) and the emergence of the problems noted above. That said, he is certainly not as well known as he might be, given his influence on the times and many important individuals. As I often say to people when they look puzzled when I mention Henry George: "You'll have to trust me — he was a really big deal in the late 19th century." Part of the answer for his relative obscurity is that while he was hugely influential on others, he himself was seen as a bit of an eccentric (largely due to his insistence that the single tax would solve everything and usher in a utopian society). That's why I often say that people were drawn to his diagnosis of what ailed American society, but not so much his prescription. We can see many figures like Henry George in other chapters of American history. Take the civil rights movement, for example. It didn't start in 1954. So who were the key people who influenced the famous people like Martin Luther King, Jr. and James Farmer? It was really important but somewhat lost-to-history figures like Ida B. Wells and A. Philip Randolph.

DS: You point out that some scholars and social critics, after the financial collapse of 2008, refer to a "Second Gilded Age." How do the glaring inequalities of wealth today compare with that of the Gilded Age?

EO: Thankfully, due in large measure to the progressivism fostered by Henry George and others in the Progressive Era, New Deal, and Great Society, there are structures and policies in place that provide somewhat of a check on the growth of inequality in the U.S. That said, the evidence is clear that we are closing in on some of the first Gilded Age's levels of inequality. In 1890 the top 1 percent owned 50 percent of wealth; that number dropped to 20.5 percent by 1979; but it has risen steadily since then to 34.5 percent in 2010 (and surely higher by 2015).

Another important point of comparison concerns the political influence of Big Business. Since the early 20th century, Congress managed to place important limits on corporate spending in elections and lobbying in Washington, DC. The explosion of lobbying since the 1980s and the Supreme Court decision in *Citizens United* obviously have changed all that. Big Business has at least as much political influence in 2015 as it did in 1890. Not a good trend for those who believe in democracy.

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free society. So even though George tried to convince people that the single tax did not confiscate private property (a la people saw it that way.

On the occasion when he is mentioned, he's often mistakenly referred to as a socialist. Has he been misunderstood?

EO: One reason for the confusion is that most Americans, whether in the 1880s or 2015, cannot define socialism. They tend to use the term very loosely and usually pejoratively. George was no socialist. He was a radical reformer and like many radical reformers in the Gilded Age (and later eras), he admired the broad communitarian, common good goals of socialism. But he said repeatedly that socialism — or revolutionary socialism, to be more precise, the call to overturn capitalist society — was misguided. He did hold out the prospect in *Progress and Poverty* that under the single tax society might gradually and peacefully evolve into something resembling socialism.

DS: Have you met with any politicians or economists who are receptive to George's philosophy?

EO: There are many contemporary economists and political parties (the latter are largely outside the U.S.) who embrace some of George's ideas. They take the gist of the single tax — the taxation of land values — and have adapted it to some very effective policies for urban taxation. There are dozens of Georgist organizations around the world today and many meet at an annual conference organized by the Council of Georgist Organization.

DS: As you travel about the country talking about your book, what responses have you received?

EO: So far the reception has been positive. Even though most people have not heard of Henry George, increasing numbers of Americans have been acquainted with the term "Gilded Age" as a way of understanding the serious challenges facing their society. They find the idea of a return to a Gilded Age quite scary. Of course, my audiences might be self-selected people who are open to the critique of extreme inequality. I haven't yet encountered any libertarian hecklers!

DS: He does have a number of disciples around the globe. Have you heard from any of them?

EO: I have. There is that international network of Georgist organizations, so the word of the new book has been spread through their websites, blogs, newsletters, etc. George was very influential in Australia so I'm hoping to get an all-expense paid invitation to speak there — not very likely, I know, given the modest budgets of these types of organizations!

DS: What can Henry George teach us today? What would need to happen for us to pay attention to him?

EO: Even if people are not paying attention to Henry George, there is very clear evidence that increasing numbers of Americans are coming to embrace his core conclusions that unchecked extreme inequality will destroy American democracy and that the only way to stop it is to reassert democratic power, the will of the masses, to redirect the government towards policies that benefit the many rather than the privileged few. Just look at polling data on getting money out of politics. Something like 90 percent of Americans favor overturning Citizens United. Gun control? 85 percent favor stronger regulation. Obamacare? If the pollster calls it the Affordable Care Act two-thirds of Americans favor it. So are we poised for another Progressive Era like the one George helped launch? Time will tell.

Dusty Sklar is the author of *Gods and Beasts: The Nazis and the Occult*, as well as numerous stories and articles. To read her article about Henry George and Zionism, click [here](#). **JC**

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