AMERICA'S DICHOTOMY: ADVANTAGE VERSUS EQUALITY

A discussion of the relationship between progress and poverty in the nineteenth century political economy

---

Edward J. Dodson
206 Pearlcroft Road
Cherry Hill, NJ 08034

Submitted toward partial completion of requirements for the course THE WORLD WE HAVE LOST, Temple University, Fall 1985 (Dr. Ershkowitz)

> When it is said that the ideal is as little government as possible, the controlling principle is liberty rather than justice. This explains the falsity of Jefferson's maxim, that that government governs best which governs least, which is carried to absurdity in the statement by Thoreau, that that government governs best which governs not at all. The truth of the matter is that that government governs best that governs most justly, regardless of the amount of government that is required to achieve the fullest possible realization of the ideal of justice.
>
> Mortimer J. Adler
> The Common Sense of Politics

3089

The story of America in the nineteenth century is the saga of a dichotomy unraveling. Certain aspects of our political economy were providing tremendous opportunity to the individual; other elements made certain the growth of a class structure plagued by conflicts between the haves and the have nots.

By the eighteenth century, Europeans (mostly English) had established small communities along the Atlantic coast and its tidewater channels. Some had come to escape religious or political persecution; most, however, came because of the opportunities free access to land provided. And yet, even at that early date the colonies of England, France and Spain experienced the establishment of clearly-defined class structures. Alongside the presence of growing individualism and participatory government there stood the exclusionary institutions of slavery and indentured servitude. Already in existence was a dramatic inequality in the distribution of wealth, which became the cause taken up by reformers during the 1830s and thereafter.

America has, in fact, been the battleground on which the great struggle between individualists and statists began, and is still being fought -- neither possessing a clear understanding of the fundamental issues affecting civilization. Within this

struggle has been a quest for both philosophical and practical dominance over America's political economy, waged by republicans on the one hand and supremacists on the other. Participatants adopted confused and diversive characteristics as groups were labeled or labeled themselves as Jeffersonians, Federalists, Whigs, Democrats, Republicans, Populists, Progressives, Fabian socialists, Social Darwinists, and so on. In the end, we were left to ask what one means by the modern terms "liberal" and "conservative." Politics, as they say, makes strange bedfellows; and in America politics created a difficult environment for pure ideology to emerge and survive.

All of that was and is America, even to this day. The day-to-day events are related to us in observations by those who experienced them and by those who have later attempted to pull it all together as history. As child is father to the man, we carry with us remnants of our forefathers' experiences. We live by codes substantially evolved during a period of civilization thought to have been much simplier, although the conflict continues over the same fundamental issues -- human rights versus positivist law; tyranny by the majority versus tyranny by the few; anarchy versus the supremacist state; the sanctity of property versus a definition of what limits there are to legitimate forms of property; the separation of church and state ... and so on. Everything has changed. Nothing has changed.

And so it was at the beginning of the nineteenth century, remaining largely unresolved even as our own era dawned. Amidst the chaos of an evolving political economy, we have forever searched for order and understanding. From time to time we have become exalted as we "discovered" what seemed the solutions to our social problems. Such "golden variables" would, we hoped, make ours the first realized expression of utopian civilization.

That, in effect, was an important aspect to the intellectualization of the democratic experiment which became the United States. The nineteenth century severely tested the premises on which this experiment rested, and there are those of us who look upon the cumulative weight of change in that century as both catastrophic and inevitable. The reasoning for this conclusion is to be found in our very humanness.

A number of nineteenth century writers recognized the necessity for exploring human nature as a prerequisite to unlocking the mysteries of political economy. Herbert Spencer and John Stuart Mill were instrumental in paving the way. Following in their footsteps came Henry George. "Political economy" wrote George, "seeks to trace mutual relations and to identify cause and effect. The premises from which it makes its deductions are truths which have the highest sanction; axioms which we all recognize; upon which we safely base the reasoning and actions of everyday life, and which may be reduced to the metaphysical expression of the physical law

that motion seeks the line of least resistance.[1]

Examining human nature from the above perspective, George was led to the axiom "that men seek to gratify their desires with the least exertion."[2] He then identified man's historical efforts to gain control over nature and over other men (i.e., to monopolize) as an integral part of human motivation. To monopolize might be beneficial to the individual but to civilization as a whole monopolies could only destroy. Accordingly, George warned that the overriding concern for true republicans was to prevent monopolies from arising. Taking his thought one step further, man's absolute dependency on access to nature for survival made the concentrated control over nature the worst of all such monopolies. Land monopoly was, then, anathema to justice and to republican society.

George was only one of many intellectuals, writers and statesmen who recognized the injustices inherent in a system that countenanced monopolies and the resulting concentration of wealth, income and political power. Two perspectives, however, separated him from most of his contemporaries -- his truly humanitarian belief that the earth is the birthright of all mankind, and his great confidence in the resiliency of the human spirit. George's own words express this eloquently:

> Against temptations that thus appeal to the strongest impulses of our nature, the sanctions of law and the precepts of religion can effect but little; and the wonder is, not that men are so self-seeking, but that they are not much more so. That under present circumstances men are not more grasping, more

> unfaithful, more selfish than they are, proves the goodness and fruitfulness of human nature, the ceaseless flow of the perennial fountains from which its moral qualities are fed.[3]

As Henry George exemplifies the highest order of thinking during the late nineteenth century, Thomas Jefferson made a similar contribution to the intellectual dialogue during his lifetime. The extent to which his world suffered from the dichotomy of progress and poverty is evidenced by the conflicts within his own intellectual and personal life. He was both spokesman for the common man and slaveowner. The troubled nature of his thoughts are nowhere more apparent than when he expressed his fears for the future of republican democracy. From his NOTES ON THE STATE OF VIRGINIA in 1781 came this foreboding:

> The time for fixing every essential right on a legal basis is while our rulers are honest and ourselves united. From the conclusion of this war we shall be going down hill. It will not then be necessary to resort every movement to the people for support. They will be forgotten, therefore, and their rights disregarded. They will forget themselves, but in the sole faculty of making money ... The shackles, therefore, which shall not be knocked off at the conclusion of this war, will remain on us long, will be made heavier and heavier.[4]

Thus, even as the war against England raged on, the rebellious colonists carried no torch for equality -- neither equality of opportunity nor equality of condition (the basis for debate over reform in the twentieth century) were a factor. Such measures would have been vehemently opposed to not only by the aristocratic

and propertied class but by Americans in general. Liberty and property were the primary concerns of revolutionary Americans -- and not necessarily in that order of importance.

In examining our history, we must remember that the American continent had been fought over for many centuries among its indigenous tribes. Victory in warfare had already given tremendous territorial control to such tribal clans as the Iroquois League. Then, the first Spanish, Dutch, French and English explorers and settlers arrived, members of a civilization that had abandoned the hunter-gatherer way of life thousands of years before. European civilization was unquestionably superior in technology and was equal of the Indians in ruthlessness and brutality in war. Consequently, the opportunity to turn back the European invasion was lost before the Indians ever seriously recognized the threat.

By the end of the eighteenth century, the Indians were nearly vanquished. The first and last real effort to unite the tribes against the Europeans was made by the Shawnee chief Tecumseh early in the 19th century. His efforts were doomed to fail, not simply becuase of technological inferiority but also because Indian civilization was far too decentralized to be marshalled into one unified force. In the end, Tecumseh was forced into an alliance with the British against the Americans. The British withdrawal after the War of 1812 sealed the Indian fate. The westward advance

would continue, heroically but inconsequentially resisted. As to the future of the Indian, Tecumseh made that clear to his followers:

> What I have tried to do in uniting all Indians to stop the whites who have been pushing us back, has failed. Our cause is done. No longer raise your weapons against the Americans; it can only end in disaster for you and all your people. Make peace with them in any way you can; be loyal to them in all ways; defend them against their enemies if need be, even should those enemies be other Indians, for, hear me, my brothers, the Indians can never win against the Americans. Join them, that you and your people may survive.[5]

At most, the unresolved conflict between the Indians and Whites barely slowed conquering of the frontier. A weaker (though in many ways a more egalitarian) civilization gave way to one more adept at settled existence. And yet, there was very little that could be said about the conquerers that made for a homogeneous citizenry. Though Anglo-Saxon at the core, the nation was rapidly being populated by people of diverse heritage. Many had no experience at self-government; most came from impoverished backgrounds. The clash of cultural differences was added to other dynamics in the 19th century that caused inevitable friction and a political environment characterized by intense factionalism.

As long as the continent's supply of good agricultural land, fresh water and other raw materials could be freely had in the unsettled frontier, American society possessed a reserve which

kept poverty at bay. True, opportunity was not strictly speaking equal; however, while it might be true that in the coastal cities and areas such equal opportunity had already disappeared even by the beginning of the 19th century, one could always go west -- beyond the local "margin" to a place where the best nature could offer was still obtainable without payment to a titleholder. This was an opportunity to accumulate wealth absent in Europe for all but a very small minority. In Europe, however, rumblings were being heard.

In England, Adam Smith had attacked the mercantilists and their monopolistic ways; Frenchmen such as Turgot and Quesnay, of the physiocratic school of economists, did likewise and were attempting to open up the French economy. Franklin, Jefferson and Paine were particularly influenced by both the physiocrats and Smith. Then, early in the 19th century another Englishman, David Ricardo, expanded on the groundword of his mentors. Ricardo's labor theory of value later found its way into Marx's attack on capital owners, whom he targeted as the confiscators of labor-produced wealth. Ricardo's analysis of land as a factor production and the relationship between population growth, the development of manufactures and the increase in the value of land became the basis for George's attack on the private collection of rent ("rent" being the return to land-owners for the use of land). In the struggle for dominance, Ricardo foresaw that the capitalist would EVENTUALLY lose and the landowner would win, labor's share in the distribution of wealth always tending

toward subsistence level.

What the physiocrats, Smith and Ricardo failed to see (but which George witnessed firsthand) was the eventual merging of the landed and capital interests to form a politically potent new class, then the growing militancy of workers as they recognized the necessity to act collectively.

The debate among historians, economists and others over the importance of the frontier and supply of free land was transmuted into political activity during the last quarter of the 19th century. Henry George, himself, ran for mayor of New York against the traditional party candidates. Among George's converts were a number of United States congressmen, including Tom L. Johnson of Ohio who was elected mayor of Cleveland in 1901. Though not surprising, Jackson Turner Main has given an account of the period strongly supportive of George's arguments.

> When the frontier stage had ended, and society became stable, the chance to rise diminished. All the land worth owning was now occupied, and land prices rose, so that the sons of pioneers and the newcomers could not so easily improve their positions. Mobility therefore diminished as the community grew older.[6]

Nevertheless, in comparison with the Old World, the new nation presented far greater opportunity for almost all new arrivals (or at least their descendents) to eventually rise above subsistence level existence. There were, however, serious limitations imposed

on advancement in social and economic status. One reason was simply that one had to pass through the established colonies before reaching the frontier. The coastal regions had originally been settled by members of England's middle class and its better farmers, who arrived with substantial financial resources and became the colonies' large landholders. With them they brought other English citizens as indentured servants, and these people eventually paid their way to freedom and themselves acquired landed property. What is interesting is that African slaves and other Europeans made their way to the New World in significant numbers only rather late in the 17th century. This occurred in part because England imposed a ban on the emigration of additional skilled artisans (the loss of whom was raising wages in England -- a dangerous precedent and challenge to the established order).

Another important factor in the development of the American political economy and class structure was the early establishment of higher education. Harvard College was founded in 1636. At the time there were already between 125-150 alumni of English universities who had settled in New England. These individuals were staunch believers in English institutions and in the mother country's system of common law on which the concepts of property would be based. And, as Henry Steele Commager has observed, these transplanted Englishmen were concerned not at all with equality; rather, their sense of opportunity was limited to that dictated by an imported class structure and a narrow sense of

community. One consequence was that by the beginning of the 18th century free allotments of empty land throughout the colonies ended as "older settlers and their descendants saw no reason why they should not profit by [the] flood of [Scotch and Irish] immigration by buying land cheap and selling dear."[7] Land speculation soon became a major preoccupation of the established colonists, so that "by 1720 so much land had been taken up .... that the only recourse for a poor man who had not the wherewithal to satisfy a land speculator, was to 'squat' without leave on Crown or proprietary land; and to repeat the process if he were forced to move on."[8] Thus, free access to land began to disappear long before settlement of the frontier; first the colonial legislatures and then the states had adopted the English system of property law that sanctioned the concentrated control of the nation's land, an aspect of the new nation's structure which Henry George and others later identified as the root cause of mass poverty and social problems.

Economic rights incorporated into the republic's new Constitution aimed at guaranteeing the preservation of property, not at the means to ensure its equitable distribution. One result was that the advantage of being born into a family of early colonial landholders remained an important determinant of social and economic position in the America of the 19th century. For example, of "the wealthiest [100] Virginians in 1787, 79 or 80 inherited all of their wealth. These were members of the First Families -- the old, established aristocracy of the colony which survived the Revolution

intact."[9] I believe itcrucial, then, to ask why both the intellectual and political challengers of the status quo concentrated their attack on "capitalists" rather than on the large "landowners."

Some insight into this enigma is provided by historian Douglas T. Miller, who observes that many historians "have made a distinction between mercantile and landholding families on the one hand and rising capitalist-industrialists on the other, implying that these groups ... were somehow diametrically opposed to one another."[10] Reformers and historians would do well to give strong consideration to Miller's conclusion that "Although all barriers between the so-called 'old' family rich and 'new' were not entirely broken down so far as the drawing room was concerned, it was no longer meaningful to speak of these precise divisions by the 1850's."[11] Almost without exception, the rich were rich in part because of land speculations and the monopolies secured by the use of such wealth and its inherent political power. Land monopoly begot influence and capital, which begot greater land monopoly, which expanded opportunities for political and finance manipulation -- all of which set the stage for the entrenchment of monopoly-capitalism. In response, American society was opened to the rise of reactionary philosophies and their prortagonists -- the union organizers, the fabian socialists, the nativists, the protectionists and the interventionists.

The acceleration of industrialization in the second half of

the 19th century created a potent environment for change, but one which contained the seeds of destruction for the Jeffersonian vision. The possibility of becoming a society of educated, hard-working yeoman farmers became a quaint dream. The frontier remained, but much of it was now controlled by absentee owners or the government. New technologies enhanced the production of many goods, reducing the unit cost of production and -- theoretically -- adding to the purchasing power of the wage laborer. Immigration and the freeing of blacks from slavery, on the other hand, increased the competition among such laborers for employment in industry, resulting in a reduction of money wages toward subsistence. Unemployment became an ongoing social problem.

The premature enclosure of America's unused land put the unskilled laborer at the mercy of the "robber baron" landowner-capitalist, and made inevitable class conflict. As a consequence, a republican future characterized by the protection of individual liberty against the exercise of license by either monopolists or the State (the quest of Henry George and of those who subscribed to his reform program) failed to emerge as the preeminent challenge to the status quo. People who had never been farmers or had never owned land saw as their oppressors the factory owners and the finance manipulators. Those who were initially capitalists may have gained control of much of the unused land; however, failing to understand the connection between landed monopoly and mass unemployment, reformers chose a path that would eventually subordinate individual

rights to the hoped for security of a supremacist state.

Labor resorted to unionism, capital to protectionism and then secondarily to other ways of strengthening their respective monopolies. As the large landholders ventured into capital ownership and "stewardship" of the financial system, they consolidated their ability to impact the distribution of wealth in America. Reformers attacked monopoly-capitalism and put forth socialist programs as the alternative. Slowly, statist interventionism worked its way into the political system; the supremacists were, in the end, victorious over the individualists because of the latter's unwillingness to compromise for a fair field with no favor as opposed to unbridled liberty (i.e., the license to monopolize). With each new wave of immigration and after each recessionary period, Americans looked more and more to government to solve the problems of a political economy plagued by unequal opportunity.

Real reform proved to be impossible in 19th century America, as this description of the political environment by Robert Wiebe clearly shows:

> The established leaders in urban-industrialized America properly believed that their opponents would destroy them, or at least their functions, if they could, just as the protectors of the community accurately sensed the existence of a league of unrestrained power... Both then assigned the enemy a monolithic consistency and machinelike organization, invested it with a conspiratorial design, and imputed to it an almost supernatural potency. Honors for distortion divided about equally.[12]

This explains why a sincere attempt such as George's to bring about a more humane system of political economy had very little chance against the established system of industrial-landlordism or the supremacist doctrines hailed by the socialists. As Wiebe goes on to conclude, "The mediator simply could not function" and even a "well-intentioned citizen like Frederick Jackson Turner, who tried from the middle ground ... to explain the radical West to the respectable East, had to await a saner day."[13] Unfortunately, that day has yet to come.

As a voice in the wilderness, Henry George fought on the battlefield right up until his death in 1897. That so many people in this world suffer from political oppression and unrelenting poverty should be warning enough that despite all the advances in science and technology, despite the efficiencies of mass production, despite participatory government -- we have not done what we must do. George's fundamental reform was directed toward a permanent end to land monopoly, peacefully and in an evolutionary manner through the use of government to collect the annual rental value of land for use as society's common fund. Even then, he anticipated a long and hard struggle to secure lasting improvements in civilization:

> Let me not be misunderstood. I do not say that in the recognition of the equal and unalienable right of each human being to the natural elements from which life must be supported and wants satisfied, lies the solution of all social problems. I fully recognize the fact that even after we do this, much will remain to

> do. We might recognize the equal rights to land, and yet tyranny and spoliation be continued. But whatever else we do, so long as we fail to recognize the equal right to the elements of nature, nothing will avail to remedy that unnatural inequality in the distribution of wealth which is fraught with so much evil and danger. Reform as we may, until we make this fundamental reform our material progress can but tend to differentiate our people into the monstrously rich and the frightfully poor. Whatever be the increase of wealth, the masses will still be ground toward the point of bare subsistence -- we must still have our great criminal classes, our paupers and our tramps, men and women driven to degradation and desperation from inability to make an honest living.[14]

Somehow, throughout it all, the human spirit remains ever resilient. Perhaps we will look again at the 19th century, to its lessons and the ideas of its clearest thinkers, for a path which will take us into the 21st century absent the problems of poverty, mass unemployment and class conflict that now plague our civilization.

EDWARD J. DODSON

REFERENCES

[1] Henry George, PROGRESS AND POVERTY (New York, 1879. Reprinted, Robert Schalkenbach Foundation, 1975) pp. 11-12.

[2] Ibid.

[3] Ibid., p. 461.

[4] Cited in Fawn M. Brodie, THOMAS JEFFERSON (NY: W.W. Norton & Co., 1974) p. 156.

[5] Cited in Allan W. Eckert, GATEWAY TO EMPIRE (Boston: Little, Brown & Co., 1983) p. 689.

[6] Jackson Turner Main, THE SOCIAL STRUCTURE OF REVOLUTIONARY AMERICA (Princeton: Princeton University Press, 1965) p. 177. NOTE: It is hard to ignore the influence on Main of his namesake, and of Henry George on Frederick Jackson Turner. Researching this connection, one historian compares George and Turner, noting that "George [predicted] that the open frontier would end before the turn of the century, and with its ending would come a host of social evils if our land tenure system were not improved." He goes on to conclude "Here was the frontier thesis of Turner right down to the key safety valve idea...It could hardly have failed to attract Turner's attention; and indeed, recent historical scholarship has put the matter beyond speculation. Turner's biographer, Dr. Fulmer Mood...discovered that Turner owned a copy of PROGRESS AND POVERTY and that the young historian had read and marked the book in 1888-9 while a graduate student at John Hopkins; in the same year Turner took part in a seminar discussion of the book." (Steven B. Cord, HENRY GEORGE: DREAMER OR REALIST? [Philadelphia: University of Pennsylvania Press, 1965] pp. 75-76.)

[7] Samuel Eliot Morison and Henry Steele Commager, THE GROWTH OF THE AMERICAN REPUBLIC (NY: Oxford University Press, 1962) p. 104.

[8] Ibid. NOTE: That land hunger becomes a factor so early in American history was a clear warning of the developing class conflicts. Absentee landlordism sent millions of Irish to their graves and to America. "In that new world which had been called into being to redress the balance of the old there was to grow up a population among whom animosity to England was a creed, whose burning resentment could never be appeased, who, possessing the long memory of Ireland, could never forget. The Irish famine was to be paid for by England at a terrible price; out of it was born Irish America." (Cecil Woodham-Smith, THE REASON WHY §NY: McGraw-Hill, 1953£ p.136.

[9] Main, pp. 183-184.

[10] Douglas T. Miller, JACKSONIAN ARISTOCRACY (NY: Oxford University Press, 1967) p. 124.

[11] Ibid., 127.

[12] Robert H. Wiebe, THE SEARCH FOR ORDER 1877-1920 (NY: Hill

and Wang, 1967) p. 96.

[13] Ibid., 97.

[14] Henry George, SOCIAL PROBLEMS (NY: 1883, Reprinted by the Robert Schalkenbach Foundation, 1966) p. 201.