



The Menace of Privilege

Preface -- Against Privilege

Henry George Jr.

[1905]

WHAT is the cause of the grave changes that are coming over the American Republic - the extraordinary inequality in the distribution of wealth manifested on every hand; the rise of class feeling; the growth of aristocratic behaviors; the lapse from morals in business and private relations among the very rich; the growth of elements of physical, mental and moral deterioration among the working masses; the appearance of militant trade-unionism; the perversion of the injunction principle and the use of soldiers against strikes; the corruption of Federal, State and municipal politics; the deterring of press, university and pulpit from an open expression; the centralization of government; the increasing frequency of our military intervention in foreign countries?

Such things did not exist at the foundation of the Republic. Why should they now appear when we have grown so wonderfully in population and wealth? Why should this age contrast so unfavorably with that when the nation numbered less than our chief city now contains?

The answer is that something is rampant now that existed only in rudimentary form then. That something is Privilege.

This volume strives to show in a brief, suggestive way how privileges granted or sanctioned by government underlie the social and political, mental and moral manifestations that appear so ominous in the Republic. The monopoly of natural opportunities, heavy taxes upon production, private abuse of public services and other lesser privileges cause the great inequalities in the distribution of wealth which are evident all about. For these are not powers to produce wealth, but powers to appropriate it.

This inequality in distribution causes the formation in the community of two clearly marked and powerful classes with distinct views and mutually hostile feelings. One of them is lifted into superabundance and the weaknesses and vices that spring from it; while within that class is born the spirit of superiority and the feeling that the "work people" were created expressly to work for it.

The "work people," composing the great body of the population, constitute the opposing class. Cut off by monopoly from free access to natural opportunities, and robbed of and taxed on the fruits of their labor at every turn, they have been reduced to an intense competition for a living. In the skilled trades they have organized into unions to control the supply of their kinds of labor, in order to keep up and, if possible, increase its price. This organization for defense brings a power for offense that, governed by a narrow or an unscrupulous spirit, may be exercised in opposition to general public rights.

There has, therefore, risen up in the nation two great, belligerent elements: leagued privileges on the one side, labor unionism on the other. When Privilege cannot make terms with labor unionism, by which it may peacefully rob the public, it makes war against it. Its chief weapons are soldiers and an extraordinary development of the judicial enjoining order.

And not only to help in this, but to protect and extend the favors that are its life, Privilege further endeavors to control politics by corruption, and to influence public opinion through purchase or

intimidation of the press and through gifts to the university and the pulpit.

All this leads to the centralization of government and to anti-foreign aggression, and reveals in the Republic startling parallels with great nations which, after brilliant development, entered upon the path of ruin and death.

All this is treated not in abstract, but in concrete style; with citation of events and forces visible to any who will look. A very much larger array of facts might be presented with their minor details and qualifications, but that might confuse the purpose of this volume, which is to show sharply that the anomalous and seemingly unrelated state of things, social and political, mental and moral, that are so gravely disturbing the Republic are in reality related and spring from privileges granted or sanctioned by government.

Yet this volume is not an outcry of pessimism. It is a word of warning, but also of hope. Tax land monopoly to death, thereby enabling the remission of all taxation now embarrassing production, and take all public service monopoly functions into public hands, and the main causes of the unequal distribution of wealth would be removed. The destruction of the numerous secondary causes would quickly follow.

The Republic rightly boasts of great achievements, and it has in reserve power for great things to come. But half-way measures will be worse than futile, since they will give growing time to Privilege. The one sure way to cure the ills that afflict the nation is to destroy Privilege at the root. And that, and only that, accords with the mandates of Justice.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)



The Menace of Privilege

Chapter 1: The Land of Inequality

Henry George Jr.

[1905]

NOTHING can be more surprising to the thoughtful observer than the social inequality existing in the United States--a country which Mr. Bryce says Europeans early in the nineteenth century deemed to be preëminently the land of equality; which inspired De Tocqueville's descriptions and speculations; and which provoked Americans themselves to constant boastings.

Except for the slaves and Indians, there was at the beginning of the Republic full political and approximate social equality. The country was new and unappropriated. Beyond the narrow rim of settlement along the Atlantic seaboard lay the free, virgin and seemingly illimitable West. All who would might come; and coming, could find opportunity to make for themselves and their families an independent, if rugged, living. The American Commonwealth was then in the pioneer stage. Few material privileges existed. Nature, being for the most part unappropriated, offered her milk and honey freely and bountifully to all.

Work was the rule. It was the common means of subsistence, the badge of responsibility and respectability. The printer, Benjamin Franklin, the surveyor, George Washington, the lawyer, Thomas Jefferson, the sailor, John Paul Jones, the merchant, John Hancock, were American types of manhood and practical citizenship. "In America people do not ask, 'What is he?' but 'What can he do?'" wrote Franklin in 1782, while representing the Republic in Europe. "In short," he continued, "land being cheap in that country, from the vast forests still void of inhabitants, and not likely to be occupied in an age to come, in so much that the property of a hundred acres of fertile soil full of wood may be obtained near the frontiers (in many places, for eight or ten guineas) hearty young laboring men who understand the husbandry of corn and cattle, which is nearly the same in that country as in Europe, may easily establish themselves there. A little money saved of the good wages they receive there while they work for others enables them to buy the land and begin the plantation, in which they are assisted by the good will of their neighbors and some credit. Multitudes of poor people from England, Ireland, Scotland and Germany have by this means in a few years become [relatively] wealthy farmers, who, in their own countries, where all the lands were fully occupied and the wages of labor low, could never have emerged from the poor condition wherein they were born." ("Information to those who would remove to America," Franklin's Writings, Bigelow Edition, Vol. VIII, pp. 175-176.)

The precepts of industry, honesty and thrift of Franklin's "Poor Richard's Almanac" pointed to the almost certain road to competence and respite from toil in old age. And even though this meant living in the pioneer state for many, it did not mean want and suffering. "In every part of North America," wrote Franklin in 1788, while President of the Supreme Council, virtually Governor, of Pennsylvania, "necessaries of life are cheaper than in England. Scarcity is unknown there. . . . The price of labor in money being higher than in England, and provisions cheaper, the actual wages, that is, the amount of necessary articles which the day laborer can buy, is so much the greater." ("Reflections on the Augmentation of Wages which will be occasioned in Europe by the American Revolution," Franklin's Writings, Bigelow Edition, Vol. X, p. 53.)

And thus, while the mass of men by their labor could obtain a living that afforded all the necessaries and many of the comforts of life, with independence and self-respect, there were no private fortunes as we speak of private fortunes to-day. "The truth is," said Franklin, "that though there are in that country few people so miserable as the poor of Europe, there are also very few that in Europe would be called very rich; it is rather a happy mediocrity that prevails. There are few great proprietors of the soil and few tenants. Most people cultivate their own lands, or follow some handicraft or merchandise, and few are rich enough to live idly upon their rents and incomes." (Franklin's Writings, Bigelow Edition, Vol. VIII, p. 172.)

John Adams, writing to a friend in Massachusetts at the time of Washington's election as commander-in-chief in 1775, described the latter as "a gentleman of one of the finest fortunes upon the continent." Washington's Virginia plantations, his homestead at Mount Vernon, his slaves, and his lots in the future city of Washington were the chief parts of his possessions, and were worth perhaps half a million dollars. He had, moreover, various tracts of land in other parts of Virginia, and also in Pennsylvania, New York, Kentucky and the Northwest Territory. It is probable that, all told, his estate was at the time of his death worth about three-quarters of a million -- a considerable fortune in those days of general equality, but comparatively no fortune at all in these days.

John Hancock was reputed to be the richest man in Massachusetts at the Revolutionary period. His uncle, Thomas Hancock, with whom John was in partnership in a mercantile business, died in 1764, leaving to John, immediately and collaterally, property and enterprises judged to be worth not less than \$350,000, one of the largest fortunes acquired in Boston up to that date. John Hancock was then twenty-seven. Like his uncle, he was a money-maker, but against his gains he suffered heavy losses preceding and during the Revolution. It is probable that at his death, in 1793, at the age of fifty-six, he was not much richer than his uncle's will had made him; say, something more than \$350,000.

Thus we have two instances of the richest men in the early days of the Republic: George Washington in the South, worth three-quarters of a million; John Hancock in the North, worth a third of a million. Although we should not think of classing them among the wealthy men of our day, there were then but few comparable with them. The standard of what constituted riches was low.

On the other hand, real poverty was casual and nowhere deep or chronic. The reason of this was plain. The easy access to land made it a comparatively simple matter for all men to get subsistence. Because of this accessibility to good land, wages were high -- much higher than in Europe, as Adam Smith in the "Wealth of Nations" points out (Book 1, Chap. VIII). Whenever any were dissatisfied with the wages obtained by following trades or in working in any way for others, they could, as Thomas Jefferson said, quit such vocations, take up some land, and "go to laboring the earth" for themselves. (Letter to J. Lithgow. Jefferson's Writings, Ford Edition, Vol. III, p. 269, note.)

Benjamin Franklin bears the same testimony. In a brief essay written before the Revolution he asserted that, notwithstanding the rapid increase of population both by births and immigration, "so vast is the territory of North America, that it will require many ages to settle it fully, and, till it is fully settled, labor will never be cheap here, where no man continues long a laborer for others, but gets a plantation of his own; no man continues long a journeyman to a trade, but goes among those new settlers and sets up for himself, etc. Hence labor is not cheaper now in Pennsylvania than it was thirty years ago, though so many thousand laboring men have been imported." ("Observations concerning the Increase of Mankind and the Peopling of Countries," Franklin's Writings, Bigelow Edition, vol. IV, p. 225.)

This "importing" of labor, to which Franklin refers, arose from the very high wages demanded for continuous service. Laborers were brought from Europe under indentures binding them to their employers for terms of from one to five years. The exchange of American for European conditions was most advantageous. (M. Meusnier submitted to Thomas Jefferson proof-sheets of an article on the United States which he proposed to publish in the "Encyclopédie Politique." On the proofs Jefferson wrote some notes, among which he said, June 22, 1786: "Indented servants formed a considerable supply. These were poor Europeans who went to America to settle themselves. . . . So desirous are the poor of Europe to get to America, where they may better their conditions, that, being unable to pay their passage, they will agree to serve two or three years on their arrival there, rather than not go. During the time of that service they are better fed, better clothed, and have lighter labor than while in Europe. Continuing to work for hire for a few years longer, they buy a farm, marry, and

enjoy all the sweets of a domestic society of their own." Jefferson's Writings, Ford Edition, Vol. IV, p. 159.)

This practice continued for many years. On the ground of economy and certainty, Washington in 1792 advised the use of this expedient in engaging laborers to work upon the public buildings, grounds and streets of the Federal capital city on the Potomac River which Congress had ordered to be built and to bear his name. (Letter to the Commissioners of the Federal District, Ford's "The Writings of George Washington," Vol. XII, p. 215.) Not only were wages and the standard of living among laborers higher in America than in Europe, but there was little poverty and little crime. Such poor as existed were taken care of. "From Savannah [Georgia] to Portsmouth [New Hampshire]," said Jefferson, "you will seldom meet a beggar. In the large towns, indeed, they sometimes present themselves. They are usually foreigners who have never obtained a settlement in any parish, I never yet saw a native American begging in the streets and highways." ("Notes on Virginia," Jefferson's Writings, Ford Edition, Vol. III, p. 239.)

And several years later, while Minister to France, Jefferson explained to one of his French friends that in the ten years of his attendance as student and practitioner at the bar of the Supreme Court of Virginia there, never was a trial for robbery on the high road, and that he never heard of one in any of the other States, except in the cities of New York and Philadelphia immediately after the departure of the British army, "when some deserters infested those cities for a time." (Letter to M. Claviere, Jefferson's Writings, Ford Edition, Vol. IV, p. 402.)

It is to be admitted that Franklin deplored the "emptying out" of the jails of Europe upon us, for some of the European cities transported their long-term prisoners to America both before and after the Revolution. But many of these prisoners had been political offenders and the large majority of those guilty of other crimes soon buried their past in the habits of industrious and law-abiding citizenship. In this land of promise they commenced new and better lives.

Thus the United States, closely preceding and following their separation from Great Britain, offered freely to all such bounties of nature as to put its inhabitants on independent footing with the rest of the world and on terms of equality among themselves. Few were rich and that few not very rich; few were poor in the sense of being permanently dependent. The country was agricultural, and the production of wealth, although fully abreast of the best processes and methods of the day, was small compared with productive results in our time. (Witness the quick adaptation of the best European methods and the upshooting of invention. Jefferson invented a ploughshare and Franklin numerous useful tools. It was the fashion of the public men to introduce from Europe the best grains, shrubs, fruit trees, and stock.) But, as appears upon every page of universal history, the happiness and progress of a people do not depend so much upon the measure of the wealth produced, as upon the fairness and approximate equality of its distribution.

Such distribution marked the United States for half a century after the signing of the Declaration of Independence. Mr. Bryce observes that up to the twenties or thirties "there were no great fortunes in America, few large fortunes and no poverty" (The American Commonwealth, Part VI, Chapter CV, Vol. II, p. 616). Then, speaking of the inequalities which had come to exist at the time of his writing, the latter eighties, he says: "Now there is some poverty, many large fortunes, and a greater number of gigantic fortunes than in any other country of the world. The most remarkable phenomenon of the last twenty-five years has been the appearance not only of those few colossal millionaires who fill the public eye, but of many millionaires of the second order, men with fortunes ranging from \$5,000,000 to \$15,000,000."

Is not this the common observation? Indeed, do we not reach even stronger conclusions from what is commonly to be seen and realized? There has not been any lessening relatively in the volume of wealth. On the contrary, the march of invention and labor-saving processes which have made the nineteenth century a cycle of wonder in the history of mankind has been most brilliant in the United States. With us there has been an increase in the volume of production far outstripping advancing population.

A distribution of this increase comparable in fairness with that existing in the early days of the Republic would have produced today fewer great fortunes and practically no involuntary poverty among men willing and anxious to work; while the mass of population lying between the extremes would now be enjoying in peace and ease most of the material comforts of our civilization.

But there is no such approximate distribution. Instead, it is grossly unequal. Manifestly there is an intense and intensifying concentration of wealth. Comparing the returns of the United States Census of 1890 with New York State probate records and Massachusetts State reports, Dr. Charles B. Spahr concludes that at that time one per cent of the families of the United States owned more of the general wealth than did the other ninety-nine per cent. He computes that one-eighth of the families held seven-eighths of the wealth ("The Present Distribution of Wealth in the United States," p. 69. Dr. Spahr offers a classification dividing the aggregate wealth of the country, \$65,000,000,000, between 12,500,000 families (about 62,500,000 individuals) as follows: 125,000 families, averaging \$264,000, and aggregating \$33,000,000,000; 1,375,000 families, averaging \$16,000, aggregating \$23,000,000,000; 5,500,000 families, averaging \$1,500, aggregating \$8,200,000,000; 5,500,000 families, averaging \$150, aggregating \$800,000,000.) A careful review of Dr. Spahr's data and methods makes his conclusions seem safe. Unfortunately the data and methods of the twelfth census are different in essential respects from those preceding (frequent and serious faults in our census work), so that it is impossible to institute a comparison. However, the United States Bureau of Statistics computes that the aggregate wealth of the country in 1900 was \$90,000,000,000. Presumably this includes the trust inflations. Mr. John Moody estimates ("The Truth About Trusts," Introduction) that over "440 industrial franchise, transportation and miscellaneous" trust combinations have a total capitalization of more than \$20,000,000,000, or two-ninths of the Statistical Bureau's estimate of the country's total wealth. And obviously these 440 or more corporations are controlled by comparatively few persons. It was at one time pointed out that the twenty-four men then on the Board of Directors of the United States Steel Corporation (Steel Trust) directly or indirectly represented one-twelfth of the "total wealth" of the country ("The World's Work," December 1903. The twenty-four men alluded to were: J.P. Morgan, John D. Rockefeller, Henry H. Rogers, Charles M. Schwab, Elbert H. Gary, George C. Perkins, Edmund C. Converse, James Gayley, Marshall Field, Daniel G. Reid, J.D. Rockefeller, Jr., Alfred Clifford, Robert Bacon, Nathaniel Thayer, Abram S. Hewitt (deceased), Clement A. Griscom, Francis H. Peabody, Charles Steele, William H. Moore, Norman B. Ream, Peter A.B. Widener, James H. Reed, Henry C. Frick, and William Edenborn.)

Recognizing this tendency to center in the hands of a small percentage of the nominal owners the full control and practical ownership of the mass of wealth, the late brilliant corporation lawyer and political economist, Mr. Thomas G. Shearman, as early as 1889 declared that "the United States of America is practically owned by less than 250,000 persons" ("Who Owns the United States?" in *The Forum*, November, 1889). Nor did Mr. Shearman stop there. I-Ic ventured to predict that were the concentrating movement to continue at the same rate, "within thirty years . . . the United States of America will be substantially owned by less than 50,000 persons."

Need we inquire further? Is it not clear that, so far from being in respect to the distribution of wealth as Mr. Bryce described, "preeminently the land of equality," this Republic has become palpably a land of inequality? There has been no lessening in the power of producing wealth. On the contrary, nowhere has there been so auspicious an era of invention and labor-saving processes. Production has increased by leaps and bounds. But there has been something grievously at fault with its distribution. It has gone in great part for the enrichment of a few. As if by magic, it has piled up amazing fortunes; as though some possessed lodestones drawing to them a very large portion of the wealth and leaving to others only sufficient to afford subsistence and barely encourage a continuance of production.

The effect of this highly unequal distribution must be manifold and marked. First of all it divides the community into two general classes: the gainers and the losers; into the House of Have and the House of Want. Next it causes broadly a lowering of public and private morals.

Where wealth concentrates, the rich grow intoxicated. They are, as it were, in a land of wonders, where dollars pair and multiply without aid of human thought or touch of human hand. Coins that but a moment before filled a single bag now fill an army of them, such as greeted the eyes of Ali Baba when the words "Open Sesame" disclosed the treasure cave. This sudden flood of riches begets a thirst for more, particularly as their possessors realize that with these riches goes a power to buy -- to command -- the services of the multitude struggling for subsistence or something better. And so desire augments. Those who have a million would have ten; those who have ten, would have a score, a hundred, millions. They play a game of chance not only for its excitement, but for its gain -- a game where winnings come so fast as to supersede the ordinary means of counting. They play with a money-greed upon them. They play even when they know the dice are loaded, if indeed they do not load them.

Yet there is something else behind this passion. Riches are relative. The ten-millionaire would feel

poor if reduced to a million, the hundred-millionaire in danger of want if his fortune shrank to ten millions. The measure of what the mind regards as needs is not the same with these men as with the rest of mankind. The standards of living of the two orders of men are no more alike than is the standard of the average American mechanic or factory operative like that of the Chinese coolie or of the East Indian ryot, who can subsist on a handful of rice a day.

Great riches bring a high living standard. It is a false and artificial one. It entails much expense. This expense is not necessary to the highest mental and moral and even physical development. It really retards such development. But it is part of the environment of the very rich. As such, it becomes in their minds necessary to their comfort. The rich man fears poverty because poverty to him means sinking below this standard, albeit a standard preposterously exalted and wholly unnatural and artificial; a standard made for him, and for him only, by his gross riches; which riches, rapidly increasing, lead to new requirements on his part and new fears. He resembles Mademoiselle Louise, daughter of Louis XV., who, when she entered the Order of the Carmelites, had to learn how to walk downstairs by herself. Belonging to the blood royal and accustomed all her life to descend only the grand staircase at Versailles, and then always leaning on the arm of her cavalier-in-waiting, she feared to descend even a small flight of steps without help. "At first," said she, "it seemed to me a dreadful precipice, and I was obliged to sit down on the steps and slide down in that attitude!"

Socially next below lies the middle class, some of whom, driven by envy, strive to imitate the very rich, while others disdain them and their ways. But both those who ape and those who scorn dread falling to the state of those below -- to the state of the "work-people." They are ever keyed up against reverse. They are ever alert against what at most times is only a phantom, but which may at any moment condense into a solid, material monster to devour them.

And below all lie the "mudsills of society," as they have been contemptuously called. Some of them may be dazzled by the sudden rise of men from their own rank to huge riches; but the mass of them are too busy fighting against hunger to be allured by the will-o'-the-wisp. Their desire is to obtain the standard required of civilized men. Advancing civilization gives a multiplying power to production, and these men, who so largely are the producers, should in justice obtain a fair share of this gain. Hence they should naturally aspire to and as naturally obtain the means to enjoy a higher standard of living. But while things of which the laborer of a century ago did not dream constitute wants of the laborer of to-day, the struggle to satisfy present wants is relatively far greater for our laborer than the attainment of the earlier standard was for his ancestor. Laborers now are closely pursued by and frequently feel the claws and the fangs of the wolf of poverty because of an increasing difficulty in attaining the living standard which advancing civilization establishes and which increasing productive power should make natural for him to reach.

And so from different points of view practically all men have come to fear poverty. Fearing poverty, they abandon the old moral principles. Common transactions of life are marked by deception, by downright lying, by stealthy stealing, by organized robbery. Not only do our courts and prisons swarm with petty thieves and swindlers, but our great captains in manufactures, in commerce and in finance resort to all manner of underhandedness. Our politics reek with graft, and even men of highest standing turn positions of public and private trust to personal gain. The citizens of this Republic, who formerly were, on the whole, so generous, upright and independent in all their dealings, now act like men possessed. In common phrase they are "money-mad."

But what is to be done? We often hear that no change can occur until the people return to the old moral precepts of public and private honesty. This means anything or nothing. It is only to say that the people will again become moral when they become moral.

The essence of the matter is that this Republic will revert to the moral order when there is a less unequal distribution of the vast wealth generally produced, when some do not find it possible to pile up huge, mocking private fortunes, and when the general body of the citizens find it easier to get a living commensurate with advancing civilized life. Then the whole population will approach a common living standard -- a higher, better, healthier standard than the various standards of today, because it will be commonly enjoyed. All the members of society will be more nearly social equals. At any rate, few or none will have to stoop or cringe, since practically all will be able independently to obtain an easy living. Where none are princes, none will be subjects.

And thus it is not true that there is no way open to correct general morals. What is needed is to correct the thing that corrupts general morals. That thing is the unequal distribution of wealth. Correct

that and morals will correct themselves. Let it be possible for all to get the easy living to which the tremendous increase in productive power entitles them, and morality will govern generally in the higher as well as in the common affairs of men.

This confronts us with the cardinal question: What causes the unequal distribution of wealth? Most men today are vaguely asking themselves that question. Can it be answered? If it can, we shall see what produces social disparities. We shall go to the root of individual and national welfare and happiness. We shall go to the very foundations of civilization.

The great ones of the world have taken this earth of ours to themselves; they live in the midst of splendor and superfluity. The smallest nook of the land is already a possession; none may touch it or meddle with it.

Goethe, Wilhelm Meister

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)



The Menace of Privilege

Chapter 2: The Cause of Inequality

Henry George Jr.

[1905]

WHAT causes the unequal distribution of wealth by which one class is made superabundantly rich, while another, vastly greater, has a hard struggle to get a living?

The will of Heaven, some say. President George F. Baer of the Anthracite Coal Trust was credited by the newspapers of the country, in the summer of 1902, during the second great hard-coal strike in Pennsylvania, with writing to a correspondent: "The rights and interests of the laboring man will be protected by the Christian men to whom God in His infinite wisdom has given the property interests of the country." Whether or not President Baer said this, it represents the thought, or at least the utterance, of a certain class of privileged people.

Others assign a scientific, rather than a religious cause. Mr. Carnegie, for instance, says in his book, "The Gospel of Wealth," that we should "accept and welcome" the condition which "inevitably gives wealth to the few . . . as being not only beneficial, but essential to the future progress of the race," since the keen competition that such concentration involves insures "the survival of the fittest."

Now, of course, if "God in His infinite wisdom" gave the major part of the wealth of the country to certain men, it would be sacrilege to question their possessions. Or if the operation of natural law "inevitably gives wealth to the few," then that few would be justified in using any means whatever in defense of it.

But who really accepts either of these contentions? Certainly not Americans, as a people. Their great charter of liberties set out with the declaration that "all men are created equal." Their national existence started on the principle that one man is entitled to as good a chance in the world as another, and no better. As a people, they simply asked for a fair field and no favor. And because it was possible for each to demonstrate that nature was open to him, -- that he could take up and use for himself without let or hindrance of any some of its soil, its forests, its rocks, its watercourses, and so by his own exertions win direct from the natural elements his own and his family's subsistence, -- the early American was a bold, hardy, rugged, generous, independent man.

All he asked was to be let alone. He sought no one's favor. Indeed, few had favors to grant, except such as pass between equals. Wealth, even learning, was not the measure of stature; it was manhood, truth, self-respect, self-reliance. The core of his religion was not that "God in His infinite wisdom" had given this world to some men. It was that God had made the world large enough for all men to enjoy in peace and plenty. And the science that most interested him was not the one relating to the survival of the fittest, but the one relative to a square show, which he believed our free political conditions and a vast, new, virgin, unappropriated continent guaranteed.

Writing to his father, De Tocqueville said of the Americans: "I am at present full of two ideas: first, that this people is one of the happiest in the world; second, that its immense prosperity is due not so much to peculiar virtues or to its form of government, as to the peculiar conditions in which it is placed. . . . Amongst the novel objects that attracted my attention during my stay in the United States,

nothing struck me more forcibly than the general equality of conditions among the people."

But when nature later became appropriated, -- when all the accessible soil of the United States of America had become the private property of some to the exclusion of all others, -- a privileged class appeared. Those who owned a share of nature possessed a material advantage over those who owned nothing of it.

Now the word "privilege" means not a natural, but an artificial condition. Even its derivation shows that. It comes from the Latin *privilegium*, meaning an ordinance in favor of a person; and *privilegium* comes from *privus*, private, and *lex* or *legem*, a law. Hence, in its essence, the word "privilege" means a private law, a special ordinance or a usage equivalent to a grant or an immunity in favor of a particular person.

This word privilege, or private advantage, had application to land monopoly which destroyed Rome. In Rome's early, hardy, virtuous, independent, republican days the principle of equal rights to the soil was recognized in a way suited to a primitive agricultural community. Each citizen had his little plot for living on and working, and besides, each had access to the "public domain" for fuel and grazing. The committee from the Senate waiting upon Cincinnatus to call him to the dictatorship found him plowing his two-acre farm. After a time new laws were passed governing the public lands. But of these laws only comparatively few could avail themselves. Enacted nominally in the interest of all, they resulted really in the benefit of a few. They were in their practical workings private laws. They were general in form and language. On their face all had equal opportunity under them. But they really created and protected land monopoly. They were as distinctly to the advantage of particular persons as if private acts had been passed by the Roman Senate and sanctioned by the Tribunes.

In the same way our institution of private land ownership, derived from the later Roman usage and clothed with legal status and social sanction, as it is, has nominally been for the good of all, but really it has worked for the advantage of some, since it has stimulated land speculation and fostered land monopoly. While ostensibly for general benefit, it has been in effect a privilege or private law -- an institution for the gain of chance individuals and to the general loss.

It was against this state of things as much as against anything else that Thomas Jefferson's famous utterance, "equal rights for all, special privileges to none," was directed. For earlier, in a letter written from France to Rev. James Madison (dated Fontainebleau, October 28, 1785), he wrote: --

- Whenever there are in any country uncultivated lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural right. The earth is given as a common stock for men to labor and live on. If, for the encouragement of industry, we allow it to be appropriated, we must take care that other employment be provided for those excluded from the appropriation. If we do not, the fundamental right to labor the earth returns to the unemployed. (Jefferson's Writings, Ford Edition, Vol. VII, p. 36.)

This was not a stray, undigested remark of Jefferson's. He was not given to haphazard utterances. He here stated a bedrock truth, which four years later he extended in a letter to his most intimate friend, James Madison, son of the foregoing Madison (Paris, September 6, 1789). "I set out on this ground," said he, "which I suppose to be self-evident, that the earth belongs in usufruct to the living; that the dead have neither powers nor rights over it. . . . This principle that the earth belongs to the living and not to the dead is of very extensive application and consequences in every country . . . and it renders the question of reimbursement a question of generosity and not of right." (Ibid., Vol. V, pp. 116-122.)

Jefferson saw no need of announcing the principle of equal rights to land more prominently, -- in the Declaration of Independence, for instance, -- for he never dreamed of the astounding, wholesale appropriation which has occurred. He thought that for "ages to come" there would be enough and plenty for all who wanted good, accessible land. But the then generally adopted principle of private property in land, taken with the later special enactments to get owners for the public domain, has resulted precisely as if particular laws had been passed for the advantage of such individuals as chanced to be first and to the disadvantage of all coming afterward.

When we examine the matter in the light of simple reason we may see that of all privileges land ownership is the greatest, -- that, indeed, it is the chief cause of the unequal distribution of wealth. For consider: In the beginning God made nature and man. He did not endow man with the power to produce something from nothing, but required him to apply his powers -- that is, his labor -- to nature

so as to draw forth the things necessary to satisfy human desire. The part of nature to which man was to apply his labor was land.

Now a man has an inherent right to himself, and, consequently, to the fruits of his labor. By the same reasoning, he has no right to another or to the fruits of that other's labor. If this be so, it follows that land cannot in justice be made private property, for to be private property it must be owned by some to the exclusion of others, which would reduce to more or less dependence those others who must use it. Legally, however, in many parts of the world men have been, and in some parts of the world yet are, enslaved and are called "property." Similarly, in most of the civilized world land is owned by a part of the inhabitants and is called "property." Such "property" has the legal as well as what the moralists call the "social sanction." But this reckless use of the word destroys its real and legitimate use. Property refers to something that may be owned without infringing the rights of another. It cannot mean a human being, nor the thing in which a human being must apply his labor to satisfy his wants and desires. It can mean only that which his efforts may produce from nature. To that he can give title as producer. So that only such things as are derived from labor can be property. This is its sole source and title.

Ownership in a man would give the right to his exertions. Not a right to the slave's body, but a right to his labor was the contention of some of the American pro-slavery advocates. "The traffic of human souls," contended one, "which figures so largely in the speeches of the divines and demagogues, and which so fiercely stirs up the most unhallowed passions of their hearers, is merely the transfer of a right to labor. . . . When we say that slaves are property, we merely mean that their masters have a right to their service or labor." ("An Essay on Liberty and Slavery," by Albert Taylor Bledsoe, LL.D., Professor of Mathematics in the University of Virginia, published by J.B. Lippincott & Co., Philadelphia, 1856. See pp. 91 and 326.)

Similarly, ownership of land gives a power to exact part of the fruits which labor upon it shall bring forth. This ownership is not a right of property springing from labor. It is a power to appropriate the fruit of labor. It is not property, but a power to take, to confiscate, property. American black slaves and Russian white serfs were in effect still slaves even after emancipation, owing to the retention by the masters of the land which the former had to use. The serfs while still in bondage admitted that they belonged to their masters, but asserted that the land they worked belonged to themselves. When emancipated, they contended that the land should have gone with them. But in fact emancipation meant only the exchange of one kind of servitude for another. The serfs themselves were freed, but the land from which they had to draw their subsistence was appropriated. In this way servitude was continued without involving the responsibilities which serfdom had imposed upon the masters, among them that of taking care of the laborers.

Where practically all available land of a particular kind is subjected to private ownership, a monopoly of land is created. The power of this monopoly in the hands of any one -- of an imbecile, if you please -- might make him rich out of the tribute that would have to be paid by such as were driven by necessity to use his land.

Even if land were, as private property, originally divided equally among all the inhabitants of a country, some would soon have more than their original share, some less. The law of privilege works toward concentration. Private ownership in land in the end inevitably makes a few landlords and the mass landless.

We can see this concentrating movement all over our country: in the East, West, North and South; in the cities and their suburbs; in towns and villages; in the farming, mineral, timber and grazing regions. Everywhere there is concentrating ownership. (To be sure the great western land grants, those of railroads, for instance, are being cut up and sold off as farms, but that only signifies that they are entering a new and higher classification -- from non-used to used lands. Becoming farming lands, the concentration principle at once reasserts itself. Later, it commences all over again, when the farms pass into a higher use as urban and suburban lots. This involves a new subdivision, followed by a new concentrating movement. With the advance of such land to a higher class, the number of users to owners is more disproportionate as compared with that which existed in the class below.)

Or to put this in another form: As population increases, competition among the many for the use of land increases, which forces up the value of land. This begets speculation on a future rise, and the value of land is determined, not by present uses, but by what it is expected future competition will compel users to pay for it. Expectancy forestalls the future. Rent -- the payment for the use of land --

advances with expectancy. It advances even faster than the increasing power to produce wealth. It tends to absorb all the advantage arising from multiplying inventions and improvements in the arts; it tends to appropriate the benefits of social growth and social improvement; it tends to pile up riches in the hands of its recipients at the expense of the mass of users, among whom competition increases as their numbers grow. Under speculation, rent, or ground value, as it is sometimes called, tends to rise, until the point is reached beyond which users cannot give more and at the same time retain enough of their produce to sustain them and encourage them to continue producing. The late Professor J. E. Thorold Rogers puts the case most aptly: --

- Every permanent improvement of the soil, every railway and road, every betterment of the general condition of society, every facility given for production, every stimulus supplied to consumption, raises rent. The land owner sleeps, but thrives. He alone, among all the recipients in the distribution of products, owes everything to the labor of others, contributes nothing of his own. He inherits part of the fruits of present industry, and has appropriated the lion's share of accumulated intelligence.

We have only to look about us to realize that land values, taken as a whole, have swelled to enormous proportions in the United States. We have no adequate statistics on the subject, but whoever will look will observe the rise in villages, towns and cities; in agricultural regions, taking them at large; and in mineral and timber regions, taken similarly. A small lot at the corner of Broadway and Wall Street, New York City, which in 1827 sold for \$18,000, in 1905 sold for \$100,000. While the ratio of increase there may have been more or less than in other places, this case illustrates the general tendency. Speculation in land sucks and sucks; and it grows as it sucks. The greater and more lasting the prosperity of a community, the greater the stimulus to speculation. The more such stimulation, the higher goes the price of land, which means the more and more that must be paid for its use.

And since the ownership of land is rapidly concentrating, the speculative advance in the price of land means augmenting payment to a lessening number of persons by the masses of the people, who are not land owners, but who have to be land users, for no man can do without the use of land in some form.

Is it not obvious from this that the forced price of land arising from monopoly and speculation is an appropriation, a robbery? Speculation is going on generally. Wherever in the United States men are settled there is more or less effort to get possession of land, not so much for what labor can at the time produce from it, as for what its possessors may get from its "rise" -- from the anticipation of what labor will after a while, when competition is keener, be forced to pay to use it.

The matter sums up to this: The power of production is fast increasing. The shares going to labor and capital, the active and passive factors in production, might reasonably be expected to increase accordingly. But they do not. They remain the same, or lessen. What seem like leeches absorb practically all the increase. And of these leeches, land speculation is the greatest. Wages and interest, the returns to labor and capital, remain stationary if, indeed, they do not fall, because of the increasing rent that must be paid for the use of land. Rising speculative rent and other forms of privilege make a colossal robbery from the productive activity of the country, since they appropriate the advances in material prosperity.

For an indication of the power of monopoly of all kinds of land, take an instance of one kind. The Chicago Tribune (January 1, 1903), referring to the fact that the Steel Trust was buying up competing steel companies, "not so much to get their plants as to get the mines they owned," proceeded in explanation: --

- The mere purchase of the steel mills of independent concerns will not give the steel corporation that monopoly of a great industry which the men at the head of it would like to acquire. There will always be capital available for the construction of iron furnaces and steel mills, except in the contingency that a sufficient supply of ore cannot be obtained. If the steel corporation shall become the owner of the cream of the ore lands, it will have a natural monopoly and will occupy an impregnable position. The supply of iron ore is not so limited as is that of anthracite, but some ore beds are rich and are so near the surface that they can be cheaply worked. Other deposits are of inferior quality and are not so easily worked. The independent company which had to depend on the inferior mines would find effective competition impossible.

The appropriating power of the private ownership of land can perhaps be more appreciated in that form embodied in grants to individuals of public highways -- permits for long or short terms to transmit, without effective competition, through such highways intelligence, light, heat, power, water, products or persons. The rental value of naked "rights of way" possessed by public franchise corporations through the streets of New York City is estimated at this time to be not less than \$40,000,000 annually.

And out of these various forms of land ownership comes a superimposed speculation, which, to those who can control it, is prolific. This is speculation in mining, railroad and "industrial" stocks. These stocks are issued by companies based upon land monopoly of some kind. Those controlling the companies can and do "get in on the ground floor" prices before the first sale to the public. They also can and do manipulate the stocks to greater or less degree, "unloading" at inflated prices to the public, and buying back again when the public has discovered the deception, and prices have fallen. The scion of one of our distinguished families, who was disinherited with a paltry million, but who, threatening long and costly litigation, was instead given seven millions, has, within a half-dozen years, while living like a prince and actually entertaining princes at home and abroad, increased his fortune, it is believed, to \$25,000,000. In one year he is thought to have cleared \$10,000,000. In the language of Wall Street, he "hit the market right." In more precise language, he got in with the speculators. But for land and other monopoly elements in these stock market companies, there would have been no such stock speculation, and this young man would not now be known chiefly as a successful money getter, but would probably be earning honor, and incidentally a reasonable income for himself, as an inventor, for which he has, despite the present handicap of his millions, shown unmistakable aptitude, some of his locomotive contrivances being used with good results on large railroad systems of the country.

Private ownership of land has been treated at much length because in its direct forms, and in its indirect or public franchise forms, it constitutes the worst of all privileges, since it commits the heaviest robberies from the wealth producers. But there are other important kinds of privilege. One of these is taxation, when it is made to fall, as is generally the case, only slightly upon monopoly advantages, which it might be used to kill or to absorb into the public treasury. Instead of doing this, it is caused mainly to fall upon industry and the produce of industry. Such taxation burdens production and kills off competition among producers. The protective tariff is a shining example of such a law. It is sought by domestic producers to discourage foreign competitors. The higher such tax, the less the competition and the greater the centering of production in a few hands.

Still another is embodied in opportunities and immunities under the laws and in the courts enjoyed by certain individuals and combinations of individuals called "corporations," which, although not very important in themselves, become enormously powerful when used to exploit other forms of privilege, such as natural opportunities and franchise grants, as will later be seen.

There are still other subsidiary forms of privilege, but speaking in a general way, the privileges causing the unequal distribution of wealth may be named in four divisions, to wit: (1) natural opportunities privately held under special or general laws; (2) various kinds of taxation on production and its fruits; (3) franchise grants; (4) powers of incorporation and various sorts of immunities in the courts.

These different kinds of privilege empower their holders to appropriate, without compensation or adequate compensation, a large or small share of the produce of labor. When the production of wealth is great, the powers of appropriation enable their possessors to heap together masses of wealth.

The existence of these various forms of privilege explains, and nothing else will explain, the sudden rise of private fortunes in the United States. So long as privileges were few and carried only weak appropriating powers, the mass of the people of the country had practically equal access to natural opportunities, and were deprived of but a small share of the produce of their labor. The country was then, as observed by Mr. Bryce, practically a land of equality in respect to the production and distribution of wealth.

But as the monopoly of land and other privileges appeared and strengthened, great private riches, accompanied by degrading and inbruting poverty, began to appear.

This is not to set intelligence, energy, honesty, and thrift at naught. With a fair field and no favor, they should count for everything. But is there such a thing amongst us as a fair field and no favor? Surely

not with great privileges in existence. Thousands upon thousands who have the qualities of intelligence, energy, honesty, and thrift, under present social adjustments find intense difficulty in getting subsistence. Privilege forestalls them, and sells to the highest bidders opportunities to get subsistence or better.

Nor is it to be supposed that because social conditions were more equitable a century ago than they are now, the men then were inherently better than they are now. I do not revert to the past as to an age when men were perfect. Human nature does not change. What do change are its manifestations, and these vary with environments. John Hancock vainly tried to make a corner in whale oil. Had he lived in this period, he might have been a Rogers or a Rockefeller. Washington was as keen after landed possessions as many of our Western ranching or lumber kings. Advertisements in Franklin's paper, *The Gazette*, give strong suspicion that that philosopher in the early half of his life engaged in the purchase and sale of slaves. While Jefferson publicly and privately condemned slavery, and feared the wrath of a "just God" would be visited upon his country for permitting the existence of the institution, he acted as Southern men of his means and station did -- he kept slaves. Alexander Hamilton was the master spirit in a franchise grab which, if attempted today in any of our cities, would make a furious municipal scandal and uproar. I revert to the past not as to an age when human nature was any better than it is now, but to a time when there were more equal opportunities.

In those early days of the Republic subsistence was the thing that all could get, and get it without cringing to any. Now multitudes are haunted by the wolf of the mind -- the fear of want. And since "all that a man hath will he give for his life," everything may be sacrificed in the strife for a living. Even though we enjoy a republican form of government, and have none of the monarchical civil distinctions, yet the superabundance heaped up for the possessors of privileges will outrival that of princes. Republican citizens will become, in effect, princes in riches. They will, in fact, become very Princes of Privilege.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)



The Menace of Privilege

Chapter 3: Types of Princes of Privilege

Henry George Jr.

[1905]

THAT great individual fortunes proceed from the privilege of appropriation of the bounty of nature may be proved by shining examples. The huge Astor fortune is conspicuous.

An American citizen born, Mr. William Waldorf Astor has voluntarily expatriated himself to become a British subject. Few British nobles are in riches so powerful. As part owner of New York, he could, did he care to do so, call about him an escort of liveried men a hundred times as numerous as the body of six hundred retainers that the king-making Earl of Warwick had attend him as he went to and from Parliament.

John Jacob Astor, the founder of the family, was the son of a jovial, improvident retail butcher. He was born in Waldorf, in the Duchy of Baden, Germany, in 1763. An older brother, George Peter Astor, had gone to London, and there later established the firm of Astor & Broadwood, makers and sellers of musical instruments. When John Jacob was perhaps eighteen he went to London and into his brother's employ. But he longed to join another brother in America, Henry Astor, who had a small butcher business in New York City. In November, 1783, with one good suit of Sunday clothes, seven flutes, and about five pounds sterling of money, all his worldly possessions, John Jacob Astor took steerage passage for Baltimore, which he reached on the following March (Parton's "Life of John Jacob Astor," p. 28).

He at once repaired to New York. He had learned from a fellow steerage passenger something about the fur trade. This interested the young man, who obtained a humble position with a Quaker, named Robert Browne, who was in that line of business. Young Astor was painstaking, frugal and moral, and he rapidly rose from the simple duty of beating furs to that of purchasing them. With a pack on his back he traveled all over the State of New York. Within three years he set up in the fur business for himself. He had a little shop in Water Street, New York. It was furnished with only a few toys and trinkets used for trading with the Indians for furs. The use of furs in Europe and America was common at that time, so that there was an extraordinary demand. Young Astor soon established connections in London, and in turn became agent in New York for his brother's musical instrument firm of Astor & Broadwood. He moved into a large store in Gold Street, and hung out a sign bearing the words "Furs and Pianos." The fur trade increased until, in 1794, Astor owned a vessel that carried his skins to London and brought various merchandise back. In 1800 he extended his trade to China, sending furs and fetching teas. He was a man of unsleeping energy, a large organizer, a hard bargainer and singularly close with all save the members of his family. In 1800, after approximately fifteen years in business, Astor was, says Parton, computed to be worth about a quarter of a million dollars.

Had Mr. Astor left to his heirs only his fur and carrying trade there would probably be no Astor millions to-day. For, as is well attested, the large majority of industrial and commercial enterprises sooner or later fail. What the founder of the Astor family did was to invest his fortune in a form of privilege. He bought land in New York City.

Says Mr. Parton, "Having an unbounded faith in the destiny of the United States, and in the future commercial supremacy of New York, it was his custom, from about the year 1800, to invest his gains in the purchase of lots and lands on Manhattan Island." He occasionally went into land speculation elsewhere, as in the case of acquiring title to about one third of the County of Putnam, New York State, in 1809, for \$20,000. He sold his interest in 1827 for about half a million dollars. He also made money in other ways. For instance, on the outbreak of the brief War of 1812, he bought United States bonds at 80, which a year later stood at 120. But from 1800 to the end of his life, in 1847, Astor's chief pursuit was land speculation in Manhattan Island. As has been observed, he had in mercantile pursuits acquired a quarter of a million dollars. When he died, forty-seven years later, he was believed to be worth \$20,000,000. This great increase had come mainly through increase in the value of his landed possessions. And he exacted the last dollar of his rents, too, even up to the time when he had become physically so feeble that he had to be nourished like an infant, and, unable to ride in a carriage, had to be dailly tossed in a blanket for exercise.

It is difficult to learn the precise extent and value of the Astor holdings to-day. They are scattered and held under various names. It is, moreover, the policy of the Astors, as with all the great estate owners, to shroud in darkness all information relative to their possessions. Yet it seems tolerably certain that the combined Astor estates in New York City are worth above \$400,000,000. Mr. Burton J. Hendrick, in McClure's Magazine for April, 1905, writing on some of the aspects of this subject, has observed that while at Astor's death his real estate was worth \$20,000,000, it had increased to \$100,000,000 in 1876, when William B. Astor died; was in 1890 estimated by competent authorities to be worth \$250,000,000; and now amounts, including the various Astor holdings, distributed among several branches of the family, to at least \$450,000,000.

Since the first Astor made his original investments, a hundred years ago, Manhattan Island has grown from 60,000 to 2,000,000 inhabitants. Its environs also have grown immensely. The Astors had to do nothing save to allow New York's increasing population to roll up a fortune for them. The Persian in the old tale found that the more he ate the more there was to eat. So with the Astors. They have spent the amount of their primal land investment many scores of times over, yet to-day they have, in real estate values in America's greatest city, what perhaps exceeds 2000 times the sum that John Jacob Astor originally laid out in land. It is like eating the cake and having it besides, the part so remaining increasing to many times the size of the original cake!

So important is the business of this Astor estate, or the "Astor Estates," for the property is divided into several parts, that the agent in charge is paid a salary as large as that which the nation pays the President of the United States -- \$50,000 a year. This agent collects the rents. Out of these rents he distributes a royal income among the members of the Astor family. The remainder is used to make improvements, and to *buy more land* in New York City.

The value of the houses on the Astor estates represents, of course, a value arising from human toil. Yet it is a value that has to be repaired constantly against the attacks of the elements, which destroy all products of labor. But how much do such elements destroy the value of land? Whatever may happen to improvements, the land grows more valuable as time brings a larger population to the vicinity. This land value, or site value as it is also called, is not a value produced by labor. It is a value arising from the power which ownership of such land gives its possessor to exact labor or the fruits of labor from those who wish to use that land. As population grows, competition for the use of the Astor land increases. The manager of the Astor Estates need build no houses or make other improvements. Persons in need of that land will pay handsomely for a lease of it, even though it be bare, and they be compelled to do all the improving. And as population increases and thereby intensifies the competition, higher and higher ground rents will be paid on renewals of the lease.

Let me be clearly understood. I am not reflecting in the least on the Astors personally. I make no question of their right to a high moral standing in the community. I have no grievance with riches as riches. I am merely tracing out the seats and the workings of special privileges. The Astors happen to possess a form of privilege.

The Astors were not made princes of vast wealth by conquest. As plainly they were not made such by industry, for the earnings of the original Astor were, as compared with the present Astor fortune, quite small. His descendants have been doing little or no work of a productive kind since, except to improve the estates, which have, to speak figuratively, been improving themselves, out of the rent from the land.

The present Astors have been made richer than the Count of Monte Cristo of romance, through possession of a privilege created by law and approved by usage. Their privilege has the social as well as the legal sanction. Mr. John Jacob Astor, the forebear, for a song, bought land on Manhattan Island. Growing population did the rest. The Astors are Princes of Privilege, because they are princes of a considerable part of the soil of New York. They have cornered that part of nature against population.

Here we see the process by which private appropriation of a value that arises not from labor but from a bounty of nature heaps up a gigantic fortune.

Take an instance of another kind: great private riches that spring from a mineral bounty of nature, as presented in the fortune of the late John W. Mackay. As has been justly said of him, Mr. Mackay was a strong man, a good man, a very human man, who became very rich, but whom wealth did not spoil. But how did he get his great riches -- by his labor alone, or by his labor plus privilege?

Mr. Mackay first saw the light of day in Dublin, Ireland, in 1831. He was the son of poor parents, came to New York when a mere boy, procured employment in the shipbuilding office of William H. Webb, and was not twenty when he went to California, soon after the discovery of gold there in 1849. He worked with varying success in many mines in California and Nevada. In the seventies he was a woolen-shirted mining superintendent in the Washoe Mountains, Nevada. John G. Fair, a friend of his, was also a mining expert. These two men had the belief that there was good-paying ore in the Consolidated Virginia mine in the Comstock lode, although that mine was generally thought to be worked out. They found they could buy the mine for about \$100,000. They went to San Francisco and induced two saloon keepers, James C. Flood and William S. O'Brien, to make the purchase with them. Almost as soon as they commenced work on their new possession the partners struck a "bonanza," or "kidney," or pocket of pure ore. The monthly output of the Consolidated Virginia for the first half-year exceeded \$1,500,000. Mr. Mackay was reported to have owned a two-fifths interest, which became worth on the San Francisco Stock Exchange approximately \$60,000,000. He and each of his partners shot up to the front rank of the rich men of the world.

Did "industry" as we commonly understand that word produce the vast Mackay fortune? Or was it rather the fruit of a lucky strike? Whether we call it this or something else, the underlying fact is that that which Mackay discovered was a bounty of nature. Under the statute law mere discovery made this natural storehouse of silver the private property of the Mackay group. Although a legalized private possession, this silver mine was none the less a great privilege. It clothed the Mackay group with artificial and unnatural advantages in production, insomuch as it gave them something with which to command the services and tribute of other men.

Observe how this was exemplified. Mr. Mackay and his bonanza partners set up the largest bank on the Pacific Coast, with a view to doing not only a regular banking business, but also to manipulating gold and silver stock speculation on the San Francisco market, at that time the largest and most active market in precious metal stocks in the world. Thence these four men reached out and procured other forms of monopoly, chief among them being railroad and telegraph lines. Armies of men put on the liveries of these Silver Princes of Privilege in their various realms of empire and worked for them with much the kind of subservience that high-born courtiers and low-born peasants bowed before and did the bidding of "Lord's Anointed" sovereigns during the feudal periods of Europe.

As with our Silver Princes, so with our Gold, our Copper, our Lead, our Zinc, our Coal, our Iron Princes. They are Princes of Privilege because they possess, albeit with full warrant of law, more or less close monopolies of nature's bounties. Such monopolies empower them to control the services of a multitude of their fellow-beings.

Heaped wealth results from appropriation of natural bounties or resources, whatever their form; whether in centers of population, or in mineral, timber or agricultural regions.

Only a few generations ago the nation had a continent to overspread. Such a vast area, with its varying soils and climates, should have been ample to support a thousand millions of people. But such has been our prodigal waste, that all save the rocky or dry regions has been appropriated. Much of this land was allotted under the homestead act, but through the operation of speculation and of heavy taxation on improvements, and very largely through mortgage foreclosures, a considerable proportion has passed into the hands of banks and of trust and mortgage companies, who hold them out of use for a rise, or sell them in great tracts to large ranchers, or sell them on mortgage in small pieces to

small users, expecting mortgage foreclosures sooner or later to bring them back, or else rent them out to tenants on shares. Land tenure in the United States had come to such a pass in 1900 that only thirty-one per cent. of the families owned homes or farms that were free and clear of all debt. Fifteen per cent. owned homes or farms that were encumbered, and more than half of the families -- fifty-four per cent. -- owned neither homes nor farms, but paid rent (see "Free America," by Bolton Hall, p. 43).

Much of the land of the United States, especially the Western and Southern farming land, is held in large tracts. For instance, the Texas Land Syndicate No. 3 owns 3,000,000 acres in Texas, in which such English noblemen as the Duke of Rutland and Lord Beresford are largely interested ("Free America," pp. 55-56). Another syndicate, the British Land Company, owns 300,000 acres in Kansas, besides tracts in other States. The Duke of Sutherland owns hundreds of thousands, and Sir Edward Reid controls 1,000,000 acres in Florida. A syndicate containing Lady Gordon and the Marquis of Dalhousie controls 2,000,000 acres in Mississippi.

But these holdings become as nothing beside some of the stealings of the Western land thieves. The extent of their operations is almost beyond belief. Mr. William R. Lighton, of Omaha, Nebraska, who has made an exhaustive and careful examination of this matter, says, in a remarkable series of articles published in the *Boston Transcript*: --

- Within the last fifteen years there has been stolen from the public domain not less than 130,000,000 acres; an area that would make thirty States of the size of Massachusetts, five States as large as New York. or three States as large as Kansas. When the truth is known, -- as it may be by and by, -- these figures will doubtless be doubled, trebled or quadrupled. The present statement is one justified by present knowledge. A recent grand jury investigation in California, backed up by other official inquiry, disclosed that one man alone in that State holds title to nearly 15,000,000 acres, acquired within the time named by the flagrant processes of theft. There are dozens, and even scores of men whose stealings will run from 10,000 to 1,000,000 acres or more, the extent of their grabs depending principally upon their ability to swing transactions to a successful issue.

No reference is made to the solemn, semi-official chicanery of the railroad land grants or to the equally bald grants in the Southwest, glossing over earlier pilferings. Those deals appear by comparison impeccably honest and above reproach. This charge relates only to such downright, outright, deliberate stealing as cannot be described by any other name, bearing no stamp of formal official approval.

Wherever there is a body of public land large enough to make a bait worth swallowing, there the thefts are going on. Lands of every description are included, Millions of acres in the rich wheat valleys of California have been stolen; millions of acres of grazing lands on the plains of Kansas, Nebraska, Dakota, Wyoming and Montana have been stolen; millions of acres of timber land in northern California, Oregon, Washington, Wyoming and Montana have been stolen, not to mention the earlier stealings in the now almost devastated timber regions of Michigan, Wisconsin and Minnesota; and now the lumber thieves are plying their shameless trade unhindered in the new fields of Mississippi and other undeveloped districts of the South; unnumbered acres of mineral land have been stolen -- in fact, nothing worth stealing has escaped the clutch of these bold outlaws.

The articles detailing these thefts appeared May 20 and 27, June 3, 10, 17, 24 and July 1, 1905.

And then behold the railroad grants. To the generation now growing up, the prodigality of the grants out of the public domain to what are known as the "land grant railroads" is scarcely credible. Besides a continuous strip of land from one to four hundred feet wide for a right of way, with additional land for sidings, stations, yards and the like, the Federal Government granted all alternate sections (a section is a square mile in United States land measurement), in a belt of land a number of miles in width running on each side of the right of way strip.

The grant to the Southern Pacific, for instance, consisted of alternate sections of a belt of land 60 miles wide in California, and 100 miles wide in the Territories (some of them now States). The grant to the Northern Pacific consisted of alternate sections in a belt of land 120 miles wide, running from the western boundary of Minnesota to Puget Sound and the Columbia River. (Besides land, the

Federal, State, and municipal Governments made enormous grants of money and bonds for the stimulation of railroad building, mainly in the West. The five Pacific railroads (Northern Pacific, Union Pacific, Atlantic and Pacific, Southern Pacific, and Texas Pacific) received enough in cash and bonds to build the roads and put large fortunes into the pockets of their managing promoters besides. These five roads received from the Federal Government alone United States bonds amounting to \$64,000,000.)

The total railroad land grants have amounted to approximately 200,000,000 acres, or 312,500 square miles.

Can the significance of this be easily realized? This gift of public domain to our Western railroad companies was sufficient to have made 2,000,000 American farms of 100 acres each. It would have made more than 33,000,000 farms such as in Belgium support a family each in happy independence.

Or consider the matter in another way. This land gift to the railroads is equal to the combined areas of the States of Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia and North Carolina. It is nearly as large as the territories of England, Scotland, Ireland, and France, taken together, which support a population of at least 75,000,000.

This is the land ownership aspect of the railroad problem. It will grow more portentous as the years pass and multiplying population intensifies the demand for land. But what is of more pressing concern at present is the highway aspect of the railroads. This is a constant and increasing aggravation. A steam railroad is a steam public highway. In the beginning of railroad building in the United States it was so regarded. But the public rights were soon lost sight of under private possession. The policy of charging the general public "all that the traffic will bear," while secretly discriminating to build up monopolies among favored users, has made it a matter of profound and general wonder how, in the words of the distinguished jurist and railroad authority, Mr. Charles Francis Adams, "the business world sustains itself."

Through high traffic charges and discriminating rates, railroad companies have become organizations for public plundering and monopoly breeding. Supreme Court Justice William J. Gaynor, of New York, in a recent address said:--

- The greatest crime of our day and generation is the favoritism in freight rates on our public highways. I say crime, for more wrong has been done by it than by all the crimes defined by our statutes. It has crushed and beggared thousands all over the land. And I say public highways, because our railroads are our public highways. That the public highways of a country should be used to aggrandize some and destroy others is so infamous and so heartless that we will be looked back upon as a generation lost to moral sense for having allowed it so long.

A brilliant English observer, the late Duke of Marlborough, fifteen years ago called our railroads "the very life and lungs of trade." He said that the main arteries of these railroad systems are now permanently worked out (Fortnightly Review, April 1891). "It will be practically impossible to make new routes, except at fabulous cost, with approaches to the coast. The strategical positions are seized and occupied, and whoever can possess himself to-day of a controlling interest in a main through route and allied feeders across the great central basin of the Northern States, cannot be deprived of a gigantic monopoly in the present and in the future."

Facing these facts, observe the extent to which the railroads have combined and railroad management has concentrated. Mr. Charles A. Prouty, of the Inter-State Commerce Commission, emphasizes what has been repeatedly shown: that "of the 200,000 miles [of railroad lines] in the United States, approximately 125,000 miles are controlled by a half-dozen individuals." Shall we not say then that our great railroad magnates, the Goulds, the Vanderbilts, the Hills, the Harrimans and the Huntingtons are Princes of Privilege?

If steam railroads are public highways, are not street car lines in the cities, towns and villages of the country in the same sense public highways? Are not all pipe and wire lines through such thoroughfares similarly public highways? Yet in not a single municipality are the street car lines in public hands. Where are the instances in which the telegraph and telephone wires and heat and power pipes are operated by public officials? In all but a very few of the municipalities the electric lighting and power wires are in private hands. In many municipalities the water supply is the business of private, or only

quasi-public corporations. Only in the case of sewage piping is there public municipal ownership and operation throughout the country. Hence most of the arterial functions of the body social in our centers of population are in private hands. In a few instances enlightened self-interest swells net receipts by constant improvement in service, but the general policy pursued is to refuse to improve until driven by public pressure. And at all times is practiced with more or less care the art of "getting most feathers with least squawking."

The great value of municipal highway public franchise privileges may be judged from the fact that the annual "earnings" of these rights of way in Greater New York, as distinguished from plants and equipments, are conservatively set down by experts at this time at \$40,000,000. The combination, merger and absorption principles are, taking all the important communities together, rapidly bringing the public service corporations into fewer and fewer hands. Hence we have the Whitney, the Widener, the Ryan, the Dolan examples of Princes of Municipal Franchise Privilege.

But it rarely happens that, whatever their source, the great individual fortunes are developed from one source of privilege alone. The amazing Rockefeller fortune, for example, sprang from several kinds of privilege, but mainly from two, -- railroad monopoly and land monopoly.

John D. Rockefeller was born in central New York, in 1839, amid humble circumstances. He early went to Cleveland, Ohio, and his name appeared in the directory of that city in 1858 as a "bookkeeper." For several years life was industrious, his habits were frugal, yet he had but small success as a fortune-maker. He became a member of a struggling produce commission merchant firm -- Clark and Rockefeller. The petroleum resources of Pennsylvania and Ohio were at that time having their sensational development, and Cleveland had become an oil-refining center. This new business opened new chances for money-making. Mr. Rockefeller left the produce business, and formed an oil-refining partnership with an ingenious Englishman named Samuel Andrews, who made a number of improvements in the refining process.

Later Mr. Rockefeller established a second refinery under the name of William A. Rockefeller & Co., and opened an agency in New York. In June, 1870, he merged these and other companies in the Standard Oil Company, with a capital of \$1,000,000. The men interested were John D. Rockefeller, Henry M. Flagler, Samuel Andrews, Stephen V. Harkness and William Rockefeller, John's brother.

For a while the Standard Oil Company was unaccountably prosperous. In the face of keen competition its business rapidly grew. Its competitors were astonished and puzzled. At length one of them, Mr. Alexander, of the firm of Alexander, Scofield & Co., accused one of the railroads of giving the Standard Oil Company better rates.

So far from this being denied, it was agreed that Alexander's firm should share the rate favor. He was to pay the open or regular rate on the oil he shipped from the oil regions to Cleveland, which at that time was forty cents a barrel. At the end of each month he was to send to the railroad vouchers for the amount of oil shipped and paid for at forty cents, and was to get back from the railroad in money fifteen cents on each barrel. This concession, however, applied only to oil brought from the wells to Cleveland. Alexander was never able to get a rebate on oil shipped eastward, although the Standard Oil Company did. Protestations to the railroad managers only brought the explanation from them that if he would ship as large quantities as the Standard Oil Company, he could have as good a rate. (Testimony of Mr. Alexander before the Committee on Commerce of the United States House of Representatives, April, 1872. See "History of the Standard Oil Company," by Ida Tarbell, Chaps. II, III.)

That was the secret of the Standard Oil Company's amazing ascension to power and wealth. Mr. Flagler, in 1870, had secretly proposed to General J. H. Devereaux, vice-president of the Lake Shore & Michigan Southern Railroad Company, whose New York connection was the New York Central Railroad, that if the Standard Oil Company could obtain a special through rate it would ship sixty carloads a day. The railroad official acceded. This arrangement, says Miss Tarbell, in her "History of the Standard Oil Company," gave the oil corporation "steady transportation the year round to the seaboard, at a rate cheaper than anybody else could get. It was equivalent to renting a railroad for their private use. Every Cleveland refiner was put out of the race. The refining business was so prosperous at the time the arrangement was made that suspicion was not at first aroused, but in a year's time the effect became apparent. Firms which had been making \$10,000 to \$20,000 a year, found themselves making little or nothing. But why? That they did not see. The oil business of

Cleveland was growing prodigiously. By 1870 the city had become the largest refining center in the United States, taking 2,000,000 barrels of crude oil from the region -- one third of the entire output of the oil regions. Instead of being destroyed by the competition of refineries built close to the wells, it was growing under the competition, but in spite of this growth, only one firm -- the Standard Oil Company -- was making much money."

In other words, the railroad rebates enabled the Standard Oil Company to undersell its refinery competitors. Many of those competitors were ruined, others were absorbed, until Mr. Rockefeller's group obtained a monopoly of the business. Controlling the refining of oil, they had the power to control and then absorb, first the oil wells, then the pipe lines, and lastly to buy into the control of the oil-carrying railroads themselves.

With the wonderful flood of riches that the Standard Oil monopoly thus poured in upon Mr. Rockefeller and his companions, they could and did push out in other directions, procuring by purchase, by special legislation, or by darker ways a variety of other privileges. Some of these privileges were monopolies of nature, such as tracts of standing timber, tracts of iron, coal, silver, copper, salt and other minerals. Other privileges consisted of ownership of or "forcible influence" in public highway monopolies, such as steam and electric railroads, illuminating, telegraph and telephone companies. The great income proceeding from such sources enabled Mr. Rockefeller to buy into the control of tariff-created or tariff-fostered manufacturing combinations like the Steel Trust. Mr. Rockefeller was further enabled to establish a vast chain of banks which can "bull" or "bear" the stock market at will, promote or deter Federal or State legislation, sway politics, and altogether exert ten, twenty, fifty times the malign power that shook political institutions to the center in President Jackson's time, when the United States Bank flourished.

Mr. Rockefeller may or he may not have been fair and honest in his business dealings after he came into possession of these privileges. That we need not discuss. We may be certain, however, that the most unfair and dishonest man, armed with such law-made advantages, could have become just as rich as the famous head man in the Standard Oil group of multi-millionaires. However intelligent, industrious, honest and frugal, he could not have risen from obscurity and poverty to the front rank of the enormously rich men of the world but for the help of certain laws and immunities, which, for short, are embodied in the word "privileges." Indeed, until Mr. Rockefeller obtained such privileges, he remained comparatively poor and obscure. And because he has not had the use of such privileges, many another man just as able as Mr. Rockefeller is slaving away his old age at a bookkeeper's desk, if indeed he has not been supplanted even there by a younger, quicker man, and been reduced to a lower position, or gone to his grave, wrecked in body and mind.

If particular men have been named in this chapter, it is not with personal animus, but only to show how the principle of privilege operates when used -- how it would operate in the hands of anybody who applied it with ordinary intelligence and even a part of the energy that is expended in general commercial and manufacturing pursuits.

In brief, it is not the man, but the principle, that is to be kept in mind.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)





The Menace of Privilege

Chapter 4: Further Types of Princes

Henry George Jr.

[1905]

LIKE the Rockefeller fortune, the Carnegie fortune came from several kinds of privilege. It came mainly from land, transportation and tariff privileges. Secret rebate railroad rates and the acquisition of the most advantageous coal and ore beds enabled Mr. Carnegie to outdo domestic rivals, while a high tariff duty cut off competition from without. This gave to him and a few others a practical monopoly of the chief lines of an industry at a time when cheapening processes caused its enormous development.

Born in Scotland, and brought to this country when quite young, Mr. Carnegie was the son of poor, hard-working, thrifty parents. At the age of twelve he began to earn his living as "bobbin" boy in a cotton mill in Allegheny City, Pa., on a salary of \$1.20 a week. Later he became a telegraph messenger in Pittsburg, then a telegraph operator in the Pennsylvania Railroad employ, and subsequently superintendent of the Pittsburg division of that company.

He made his start to fortune by obtaining an interest in three lines subsidiary to that railroad's development. First, he was shown by the rising Thomas A. Scott, of the Pennsylvania Company, how he could buy at a low figure ten shares of the Adams Express Company, an interior corporation of the railroad. Later, he was "let in on the ground floor," for a block of stock of the Woodruff Sleeping Car Company, which afterwards was absorbed by the Pullman Company (autobiographical introductory notes to Mr. Carnegie's book, "The Gospel of Wealth"). This was the time when the Standard Oil Company was killing or swallowing its refining rivals, and absorbing the oil regions by use of the secret rebate, which it obtained, first from the Lake Shore and New York Central roads, and afterwards from the Pennsylvania, the Baltimore and Ohio and other roads.

Mr. Carnegie, with other of the Pennsylvania officials, early became interested in the Columbia and other oil companies. Old records of the Columbia Oil Company appear to indicate that stock for which Mr. Carnegie paid \$637.50, he subsequently sold for \$72,000. (See "Inside History of the Carnegie Steel Company," by J. H. Bridge, p. 30.)

This rebate railroad principle was apparently tried to advantage for the inside railroad group in other directions, but in none to so marked a degree as in the rapidly growing iron and steel business. During and following the civil war there was a great demand for the metal, especially in railroad building. Pittsburg had both the coal and the ore close at hand, so that it was naturally adapted to iron manufacturing. Messrs. J. L. Piper and Aaron G. Shiffer of that city had for several years been building iron bridges for the Pennsylvania and other railroads, as substitutes for wooden structures.

Perceiving the likelihood of this development, and doubtless having a division-of-profits understanding, such as commonly exist between railroad managers and construction companies, Mr. Carnegie organized this Piper-Shiffer business into the Keystone Bridge Company, in April, 1865. Among the stockholders appeared the names of Mrs. J. Edgar Thomson, wife of the president of the Pennsylvania Railroad Company, Mr. Thomas A. Scott, vice-president, and several other high officials of that road. In other words, the Keystone Bridge Company was largely owned by the

managing officials of the Pennsylvania Railroad Company, from which it obtained its chief business (see "Inside History of the Carnegie Steel Company" and "The Gospel of Wealth"). Moreover, it has been published, and apparently has not been denied, that Mr. Carnegie's interest in the bridge company was given to him in return for services rendered in its promotion, possibly in getting the other Pennsylvania officials interested.

During this same year, 1865, Mr. Carnegie helped to organize the Union Iron Mills Company in Pittsburg, by uniting the Cyclops Iron Company with the Kloman-Phipps Iron City Forges. The Cyclops Iron Company was a new enterprise in which were heavily interested Mr. Carnegie and Mr. Thomas N. Mills, purchasing agent of the Pittsburg, Fort Wayne and Chicago Railroad. In the Kloman-Phipps Iron City Forges, Mr. Thomas M. Carnegie, Andrew's brother and assistant in the Pennsylvania road, was interested. The Keystone bought most of its structural material from the Union Iron Company, and both companies had sure purchasers of their products in the Pennsylvania and Fort Wayne roads, besides getting "ground floor" rebate freight rates over both roads east and west.

Shortly after that Mr. Carnegie resigned from the Pennsylvania road and devoted himself to the iron trade. In 1870 the firm of Kloman, Carnegie & Co. was organized to manufacture pig iron for the Union Iron Mills and the trade. In January, 1873, was organized still another Carnegie firm. Its title was Carnegie, McCausland & Co. Its business was to manufacture steel by the Bessemer process. In October, 1874, the name of this concern was changed to the Edgar Thomson Company, Limited.

A plant was erected on the site of Braddock's defeat in the colonial days. The company was named after the president of the Pennsylvania road, who was a large stockholder. Vice-President Scott also held stock, as did Mr. David A. Stewart, president of the Pittsburg Locomotive Works, and Mr. John Scott, a director of the Allegheny Valley Railroad -- two corporations close to the Pennsylvania.

The established system of rebates obtained from the Pennsylvania Railroad for the products of the Edgar Thomson Steel Company forced President Garrett, of the Baltimore and Ohio Railroad, to make similar rate concessions, and these reductions in traffic costs played a very important part in the rapid growth of this Carnegie establishment, as in all the other Carnegie concerns. The high protective tariff and the rail pool were also great factors in the Carnegie prosperity. (In 1877 the Edgar Thomson Company paid its first dividends -- indeed three of them -- amounting to 41 3/4%, paid in cash and stock. In 1878 the earnings were more than 31% on its capital, which had been increased to \$1,250,000; and in 1880 the clear profits are reported to have amounted to \$1,625,000.

The high protective tariff and the steel rail pool enabled the various Carnegie companies to clear more than \$2,000,000 in 1881, and more than \$2,128,000 in 1882. The cost of making steel rails was between \$34 and \$38.50. The average price received during these years, owing to the tariff and the pool, was \$56.26. See "Inside History of the Carnegie Steel Company," pp. 99-102.)

In October, 1883, following a depression in the iron and steel trade, there was a strike at the rival works of the Pittsburg Bessemer Steel Company, Limited, at Munhall, in the suburbs of Pittsburg. The works were quite new, but the Carnegie group were able to buy them at a very low figure, paying, it was reported, little cash, and liquidating the notes out of the subsequent profits of the mills. A similar transaction is believed to have occurred in 1890, when the Carnegies are reported to have bought for \$1,000,000 in bonds the New Allegheny Bessemer Steel Company works at Duquesne, which had been embarrassed by a strike. This million was probably met within a year out of the profits of the new plant and the facilities of the Carnegies.

Thus their railroad and other advantages, together with their natural abilities and industry and unbroken good fortune, made it possible for the Carnegie group to absorb their rivals. Short of any of these elements, they probably would have failed. A combination brought them a monopoly of the more important parts of the steel industry in the Pittsburg region, and gave them the means, in 1892, after a bloody strike conflict with their employees in the Homestead district, over a new scale that reduced wages, to crush the steel workers' labor union to submissiveness. In that connection it is instructive to remember that the Carnegie group had been potent with the lobby at Washington, and through it had been among the most persistent and insistent beggars for a high customs tariff for this country, on the plea of "protecting" American workmen and of enabling employers to pay high wages!

In March, 1900, the various "Carnegie interests" were merged into one corporation -- The Carnegie Company -- with a capital stock of \$160,000,000, and a bonded debt of a similar amount. Embraced within this new incorporation was the H. C. Frick Coke Company, having more than 10,000 coke ovens, and 40,000 out of 65,000 acres of Connellsville coal lands, producing the best coke coal in the world. This new incorporation also included interests in the Oliver Company, which had acquired ownership of two thirds, or 500,000,000 tons, of the highest-grade Bessemer ores in the Northwest. It likewise embraced certain railroad and steamship lines for the economical carriage of ore and products.

This \$320,000,000 of capitalization and bonded debt was a gross inflation. The company was not worth above \$126,000,000. At least it was so valued in sworn affidavits by Andrew Carnegie, Messrs. Schwab, Phipps and other partners, and their attorneys, in the H. C. Frick partnership suit in 1899, when Mr. Frick and Mr. Carnegie seemed about to separate. And yet at the formation, in 1901, of that gigantic balloon of inflation, the United States Steel Corporation (Steel Trust), the Carnegie Company received in exchange for its \$320,000,000 of bonds and stock, \$402,000,000 of the new trust's bonds and preferred stock, and also \$90,000,000 of common stock. Mr. Carnegie received, as his personal share, \$217,620,000 in five per cent. gold bonds, which in fact constituted a blanket mortgage over all the plants of the trust.

Thus, starting with nothing, Mr. Andrew Carnegie, through the use of privileges of various kinds, became from this source of iron and steel more than two hundred times a millionaire. Getting into the growing Pennsylvania railroad system, he had obtained "ground floor" interests in dependencies of that system. Directly or indirectly, through the secret rebate principle, he had obtained interests in the developing oil and the developing iron and steel industries.

Securing and keeping a virtual monopoly of the steel trade in the Pittsburg district by absorption of rivals, laborers were compelled to compete as individuals for employment, union among them in the Carnegie works being destroyed and prohibited. Through direction of the pig, billet and rail pools, and of tariff legislation at Washington, domestic as well as foreign competition was kept down, output "regulated," and prices put up. Then followed absorption of coke-coal fields and ore beds, with ownership of steamship lines for the carrying of raw materials and finished products, while there were also "advantageous" understandings with other lines. Lastly, in the launching of the huge steel trust, Mr. Carnegie had exchanged his Carnegie Company bonds and stock for \$217,000,000 of 3 per cent. bonds in a \$304,000,000 blanket mortgage covering not only the Carnegie plants, but all the other plants included in the trust as well.

From what did this \$217,000,000 Carnegie fortune primarily proceed? Privilege. What were the privately owned railroads but privileges? Likewise what were the interior corporations of these railroads but privileges? What was the real or practical monopoly of oil lands and coal lands and ore, lands and gas lands but fundamental and underlying privilege? What was the tariff legislation that prevented competition from without but privilege?

Is it not plain that these directly or indirectly government-made or government-sanctioned privileges were the well-springs of Mr. Carnegie's fortune? Shorn of these advantages, how much progress toward a great fortune would he have made over the many men who were his early rivals, and who possibly knew more than he did about the actual processes of the manufacture of steel? He would have done well, for he had good abilities and the qualities of industry and economy. Doubtless he would have attained a handsome competence. But it is reasonably certain that he would not have become a multimillionaire.

Attention has been called to the sale of the Carnegie interests in the formation of the Steel Trust inflation. The formation of this trust gives a good illustration of another kind of privilege that has raised men to princely riches and power.

Early in 1901 Mr. J. Pierpont Morgan effected a merger of many of the great steel manufacturing plants of the country, taking the Carnegie Company as the nucleus, that company being perhaps the best equipped and managed, and certainly owning, location and quality together considered, the best ore and coal beds and natural gas supply.

The iron and steel trade for several years had been very prosperous along with general business. On the wave of prosperity Mr. Morgan, Mr. John W. Gates, Judge Moore and others had grouped together numbers of small plants into large companies, with a capital in each merger greatly exceeding

the sum of the capitals of the companies so combined. But the steel trade being unusually prosperous, and the earnings being large, the public accepted the statements of the promoters that the merged companies could effect savings and acquire business impossible for the smaller competing concerns.

The promoters of these ventures were so successful that, Mr. Morgan taking the lead, they entered upon a project to merge the merged companies, with the Carnegie and some ore and railroad and steamship properties added. Ten great steel manufacturing companies and a big iron ore company were brought together. The combination was called the United States Steel Corporation. Stocks and bonds to the value of more than \$1,300,000,000 were issued, in the purchase of the stocks and bonds of the merger companies. What were these merger companies worth? Professor Meade of the University of Pennsylvania in his book on "Trust Finance," says that the amount of money actually invested in the various properties of the Steel Corporation has been estimated to be from \$150,000,000 to \$500,000,000. Mr. Byron W. Holt, editor of *Moody's Monthly*, the financial authority, has asserted that "the actual, visible assets of the United States Steel Corporation are only \$300,000,000, or the amount of its bonds, and that all of both kinds of stock [more than \$1,000,000,000 face value] is what is commonly called 'water.'"

That is to say, the promoters of the merger put a capitalization on their huge combination which some persons believed to be three times, others nine times, the amount of actual money invested in the properties.

Mr. Charles M. Schwab himself, president of the United States Steel Corporation, in testifying before the industrial Commission at Washington in 1902, estimated that the mills and furnaces, railroads and cash assets of the corporation amounted to close on to \$600,000,000. Why then, he was asked, was the great company inflated with stock and bonds to an amount exceeding \$1,300,000,000? Because, answered Mr. Schwab, the company owned or controlled natural opportunities worth at least \$800,000,000 -- iron and limestone lands, coal and natural gas fields. These he averred, could not be "duplicated anywhere."

So there it was: either the promoters had formed a great monopoly of natural opportunities -- of land -- upon which to base their great steel trust; or else they were putting water in the milk, sand in the sugar. The probabilities are that the chief promoters really thought, as Mr. Schwab said -- that they had a practical monopoly of the best coal and ore lands and that that would, in normal times, at least, give an advantage equivalent to the great stock anti bond inflation. Perhaps also they were willing to run the risk of an overestimate, since the public, and not they, was expected to carry the stock.

At any rate, Mr. Carnegie insisting on having bonds for himself and his friends in exchange for their Carnegie Company properties, the promoters sold common and preferred stock to the public at very high prices. But the prosperity boom unexpectedly slackened. Mills and furnaces slowed down or stopped. Earnings lessened; dividends shrank. And, as a consequence, down went the market price of the great trust's securities to half the face value of the aggregate of the bonds and capital stock; preferred stock, which had sold at par (100), going below 50, and common, which had sold at 55, going below 10.

Evidently the land ownership underneath the trust was not extensive enough. But since then the trust has been quietly absorbing coal and ore beds in many directions.

If the public had lost heavily by the oversanguine expectations of the promoters, the promoters themselves did not. Mr. Morgan had formed a large promoting syndicate. No formal public statement of the earnings of this group has ever been made, nor is it ever likely to; but from such occasional information as has appeared, experts in Wall Street matters compute that the syndicate's net profit from the sale of promotion stock must have been approximately \$60,000,000, to which probably \$40,000,000 more was added by stock manipulation; so that Mr. Morgan and his financial associates in the syndicate formed to promote this one trust are believed to have cleared about \$100,000,000 within two or three years.

What does this vast sum of money represent? Earnings from labor? Yes; but whose labor? Surely not the syndicate's. It represents almost purely a power of appropriation possessed by these gentlemen. They took this great sum and gave nothing in return. It surely represents a powerful privilege, or perhaps it would be more accurate to say that it represents two classes of privileges, one of which is used to exploit the other.

For, as has been shown, underneath the Steel Trust lay the coal and ore beds. Without possession of

these, there could have been no hope of forming such a trust. But possessing these, the promoters obtained a legal right to issue stocks and bonds on them, and that right, as they employed it, became an added privilege. For they had incorporated the United States Steel Corporation under the laws of New Jersey, turned the plants over to that corporation, then gave a large share of the stock to themselves for so-called promotion services, and proceeded to sell that stock to the public at top-notch prices. The laws of other States would not have permitted these promoters to do the things the New Jersey laws allowed. Indeed, it may truthfully be said that these very Steel Trust promoters had been the chief men to shape the New Jersey statutes in this regard. And with what result? United States Assistant Attorney-General Beck, during his argument for the Federal Government in the Northern Securities merger suit, put the matter sententiously. The Northern Securities Company was an offspring of the New Jersey law. Mr. Beck said that that State had won "a bad preeminence for its reckless sale of corporate privileges to secure petty fees." He continued: --

- Such extraordinary powers have never been granted to a corporation, unless it be one of the New Jersey breed. In a few words, its powers may be classified as follows; infinite in scope; perpetual in character; vested in the hands of a few; methods secret even to stockholders.

Ex-United States Assistant Attorney-General Whitney has pointed out that until the last sixty years almost every corporation was formed by a special act of Legislature, while at present they are formed under the authority of general laws (Yale Review, May, 1904). The holding company idea germinated in New Jersey in 1888. It was a device for enabling a few men to control majority interests in several or many large corporations. The process of organization under it is simple. Three men, perhaps clerks of some trust-organizing corporation, with money furnished them for that purpose, file a paper with the State authorities and pay a fee. They get a certificate in return, which makes them into a corporation for whatever purposes they like with whatever power New Jersey is able to give them; and, as has been stated, these powers are extraordinarily broad.

Such rights as this piece of paper obtained in this way confers upon them these three men turn over to the men who had requested their services and furnished to them the necessary cash. The new holders of the paper become the company, and all that this company has to do thereafter is to purchase with its own stock the stock of other companies, collect dividends therefrom, and divide the proceeds. This was almost exactly the way in which, to use the descriptive language of Receiver Smith, that "artistic swindle," the United States Shipbuilding Company (Shipbuilding Trust), was organized.

As Mr. Whitney describes, this "holding" principle operates in the United States Steel Corporation, to wit: Under the deliberately created devices of the New Jersey Corporation Act, a minority, perhaps a very small minority, of the stockholders of that corporation can control the latter. The Steel Corporation controls the stock of the Illinois Steel Company, which in turn controls the stock of the Elgin, Joliet and Eastern Railroad Company, and these are commingled with a hundred others, all bound together in an intricate system upon a similar plan.

Mr. Justice Brewer of the United States Supreme Court, in a public address dealing with the concentration of corporate power, has ironically said, "We cannot trust ourselves to hold our own stock."

To outsiders the handling of such enterprises may look complicated, but in their essence they are simple. For instance, a large promoter sends word to his friends to buy the controlling interest in certain railroads. This controlling interest is then sold at a handsome advance to a merger syndicate composed of the same and a few more friends. This merger syndicate sells at a profit to an underwriting syndicate composed largely of these same men with others added. Each of these steps has helped to evolve a mountain of bonded debt and an ocean of stock water. This mountain of bonded debt and ocean of stock water is "placed" on the market. That is, it is "unloaded" upon the public.

Mr. J. Pierpont Morgan stands at the head of Princes of Incorporating and Financing Privilege. He is a banker, yet his largest gains have not come from banking, properly speaking, but from colossal speculation. His word is a mandate in the financial world. If he undertakes to form a "blind pool," it is "blind" indeed. No one is told anything. He does not waste time to explain his plans. He simply sets down the names of certain banks, trust companies, insurance companies and individuals, with the relative portion of the millions for which each shall be permitted to subscribe. He writes, perhaps with a blue pencil on the first bit of paper that comes to hand, a few lines, it may be in almost illegible characters. That scrawl may represent a purchase or an allotment in millions and is esteemed by its

holder to be as good as gold in hand. It is not necessary to know what Mr. Morgan has done, is doing, or is going to do. It is only necessary to be counted in as one of his pool. Addition, multiplication, division and silence; that is all it looks like to even an insider, for Mr. Morgan does not condescend to talk. In the promotion of the United States Steel Corporation the Morgan syndicate probably divided, as has been explained, \$100,000,000 of what in Wall Street are called "profits."

Nor is the habit of acting without consultation peculiar to Mr. Morgan. Most of the great corporations having boards of directors composed of men distinguished in the world of finance, manufacturing and transportation are, in fact, conducted by one or two or three men.

Mr. Jacob H. Schiff, senior partner in the banking house of Kuhn, Loeb & Co., and a director in the Equitable Life Assurance Society, complained on the witness stand during the great life insurance investigation in New York that directors do not and cannot direct; that in reality they are dummies. They merely approve of what the manager or managers do. These great privileged corporations become practically one-man corporations. And all the scandal of fancy and useless salaries, of preposterous advertising expenditures, and of more than questionable loans and appropriations revealed by the legislative inquiry are as nothing beside the revelations of power vested in a few hands and the way that power is used to control concentrated power elsewhere.

The Equitable Assurance Society, for instance, has ledger assets and income of close to \$440,000,000, while its paid-up capital is only \$100,000. Whoever controls a majority interest in that small capital controls the business of the company. Gay young Mr. James Hazen Hyde owned \$50,200 par value of this Equitable stock. He therefore was in the end the master of the entire Equitable Society. He transferred that majority interest to Mr. Thomas F. Ryan. The purchase price was presumably several million dollars, for while the par value of this block of Equitable stock can, by the limitation of the charter, earn only \$3514 per annum in dividends, the control of the society and the handling of its moneys is worth millions.

Mr. Ryan, who thus became the virtual master of the Equitable, also is believed to control the big Mutual Life and the smaller Washington Life Insurance Companies. The ledger assets and incomes of the three companies approximate \$1,000,000,000!

Why does Mr. Ryan want control of these enormous funds? Not because he wishes to engage in the life insurance business. He may know little and care less about such a business, considered in itself. He desires control of its great investment funds because he wants to name the investments in which the funds shall be placed. For many years it was the policy of the insurance companies to invest largely in United States, State and municipal bonds. Late reports show that now such bonds constitute but a small fraction of one per cent. of their assets. What are those assets? Largely railroad stocks and bonds. And who controls the railroads? Mr. Ryan and his railroad-king and banking friends.

Mr. Jacob H. Schiff admitted before the Legislative Investigating Committee in New York, that his banking house had sold many million dollars' worth of securities to the Equitable. Mr. Schiff is and was during these transactions on the finance committee of the Equitable Society, and the transactions were conducted in the teeth of the insurance statutes of the State of New York, which expressly forbids the director of an insurance company from participating in any way in the purchase for such company of securities of another company in which he has interest.

And the relation that Mr. Schiff of Kuhn, Loeb & Co., bankers, held toward the Equitable Life, Mr. George W. Perkins of J. P. Morgan & Co., bankers, held toward the New York Life Insurance Company. As finance committee chairman of the latter company, Mr. Perkins sold to it large quantities of securities of companies promoted by his own banking house.

Is it not clear that men of the Morgan and Ryan type possess great financial powers arising from the privilege of incorporation, and behind that of transportation and other privileges? And these privileges and powers give them potency in legislation by which to protect what they have and to acquire new privileges and powers.

This is constantly shown in our Federal and State capitals, where the lobbies are supported by Privilege. Did not Mr. George W. Perkins, chairman of the finance committee of the New York Life Insurance Company, testify before the legislative investigating committee that his company made a contribution of \$48,000 to the Republican National Committee fund in the presidential contest of 1904, and that it likewise made a \$50,000 contribution to the same fund in each of the immediately

preceding contests? Did it not further appear from testimony that the "big three" insurance companies, New York, Equitable and Mutual, were in the habit of paying regularly into a legislative fund "to effect legislation"?

Observe the things that are to be seen in railroad, tariff and currency legislation at Washington. Take the instance of the bond issue in 1893. The industrial depression coming on and credit being tight, a cry went up that there was not enough gold in the United States Treasury to redeem the paper currency in circulation, and that silver, the bullion price of which had greatly cheapened relatively with gold, would be used, thereby tending to depreciate the currency. Public alarm was quickened by the rumor that a group of individuals, headed by Mr. Morgan, had collected a large quantity of paper money for presentation at the Treasury Department for redemption in gold. The cry was that the Treasury gold supply be increased and kept up. Thereupon the Government sold \$100,000,000 of United States bonds for gold. It sold them to a syndicate headed by Mr. Morgan. It received from the syndicate, in addition to the gold, a guarantee that the syndicate would not for a certain period make any effort to have this new Treasury supply drawn upon; or, in other words, that it would not for such time make a raid upon the Treasury. The bonds were sold to the syndicate at a price that enabled the latter to resell to the public shortly afterward and realize millions in clear profit. Here Privilege showed itself strong enough to command the general finances and practically to dictate to the United States Government in a difficult situation. Viewed so, such men might be called Princes of the Road.

The majestic group of marble figures in the pediment of the New York Stock Exchange personify industry, progress, exchange and integrity. But what shall we say of many of the methods of men who are potent there? In a Metropolitan Traction Company suit not long ago the late Mr. William C. Whitney described in a realistic way how "strong men" support a corporation needing help. When asked if such strong men make their profits out of the company, he answered with a laugh, "Not out of the company." The wise knew this to mean that the said strong men make their profits out of the public upon whom the company securities are loaded after manipulation.

United States Senator Chauncey M. Depew, as director of the Equitable Life Assurance Society, demonstrated how a "strong man" can use a strong corporation to help a weak one. From the Equitable company he procured a loan of a quarter of a million dollars for a land speculation company in which he was interested - the Depew Improvement Company. That company could give so little security for the loan that the Senator gave his personal guarantee. But when, subsequently, the Depew company failed and left small assets, the Senator practically repudiated the guarantee. When asked if he did not think the latter fixed any liability upon him, he cheerfully answered, "As a lawyer, I don't think so, and I am informed by the counsel of the receiver that he does not." Nor did the Senator make good his guarantee to the insurance society until driven to do so by an aroused public opinion.

Mr. Thomas Lawson of Boston, brought in conflict with his former Standard Oil associates, swore on the witness stand in the scandalous Boston Gas Trust suit that deals amounting to more than \$100,000,000 occurred between himself and Mr. Henry H. Rogers without written agreements. Were the transactions too delicate for record? Mr. Lawson implies that they were.

Certainly many of the transactions of the "big three" insurance companies of New York have been too delicate for entry upon the regular books of those corporations, and had to be kept as "non-ledger" accounts. In the Equitable affairs there appears to have been one item of this nature amounting to more than \$600,000.

And what can be made of the books of such banking and fiduciary magnates at the best, when Mr. Perkins, chairman of the finance committee of the New York Life Insurance Company, testifies under oath in the legislative investigation that his company, not wishing to have the public find a certain investment of \$800,000 in the bonds of the International Mercantile Marine Company, exchanged those bonds on December 31, 1903, with J. P. Morgan & Co., of which firm Mr. Perkins is a member, for a check of the same amount, \$800,000, and then, on January 2, 1904, re-exchanged check and securities? In this way the insurance company, in its sworn report to the Insurance Commissioner of New York, could show \$800,000 cash assets, instead of that particular amount of the Marine Company's bonds.

Likewise in the creditors' suit growing out of the financial collapse of Mr. Daniel J. Sully, the cotton plunger. That gentleman swore that his partners, Mr. Frank H. Ray of the Tobacco Trust, and Mr.

Edwin Hawley, president of the Iowa Central Railway, had caused his ruin by treacherously selling him out. Mr. Hawley testified that of all their cotton gambling, amounting to millions of dollars, no record was kept.

"I have usually found backers where I saw profit," said Mr. John W. Gates, testifying before the Inter-State Commerce Commission as to how and why he wrested the Louisville and Nashville Railroad out of Mr. August Belmont's hands, and how in the middle of the night he (Gates) was roused from his couch and induced to name his own price to transfer the road to Mr. J. Pierpont Morgan's hands. Mr. Morgan called Mr. Gates "a dangerous element in the railway world"; and Mr. Belmont pointed to the appreciating stock while the road was in Mr. Gates' hands as indicative, not so much of good railroad management, as of "good market management."

What does all this signify? Equality among the citizens? Does it not show, on the contrary, that some have potent advantages? President Woodrow Wilson of Princeton University was reported to have said at a public dinner that such has become the advanced state of Wall Street affairs that "leaders in the world of finance manipulate the destinies of the nation." Who are the "leaders in the world of finance"? They belong to the class who possess special advantages, created or sanctioned by Government -- advantages which, as has been seen, have been placed in four categories: (1) ownership of natural opportunities; (2) taxes on production and its fruits; (3) franchise grants; and (4) powers to manipulate the general finances and juggle the general market, and also court immunities, which powers, when not expressly created, are at least fostered by Government.

What are the comparatively few men possessing these advantages but Princes of Privilege?

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)



The Menace of Privilege

Chapter 5: How our Princes Live

Henry George Jr.

[1905]

Do not those whom we may call Princes of Privilege live with much of the circumstance of princely wealth? It may be answered that their sumptuous style of living outdoes that of many princes born to the purple, making startlingly apparent to the stranger the wide breach existing between them and great multitudes in the Republic who are beset by want or the fear of it.

Take, for example, the New York residence of the late Mr. William C. Whitney. This noble pile of brownstone stands at the corner of Sixty-eighth Street and Fifth Avenue, opposite Central Park. It was sold after Mr. Whitney's death to Mr. James Henry Smith for \$2,000,000, which was thought to be a very low price, considering the large sums Mr. Whitney had first and last spent upon it. Beginning with its bronze entrance gates, which came from the Doria Palace at Rome, it is declared by connoisseurs to be a better object-lesson for a student of Italian decoration than any museum in America, and in some ways a better specimen of a palace of the days of Alexander VI and Leonardo than can be found in Italy. One of the many masterpieces that graced the walls of this superb residence during Mr. Whitney's lifetime was a vanDyke portrait for which, it was reported, \$120,000 had been paid.

A little north of the Whitney house on Fifth Avenue a still larger palace is being completed. It is the residence of Mr. William A. Clark, the Montana and Arizona copper king, who is also United States Senator from Montana. The ambition of Senator Clark respecting his house may be measured by the cornerstone, which weighs sixteen tons. This stone had to be brought from the quarry in a specially built railroad car. A single mantelpiece is expected to cost \$100,000. Impatient at delay in getting bronze fittings and ornaments, a famous foundry was purchased and enlarged specially to meet the needs of this splendid house, which also is to contain a theater capable of seating five hundred persons.

We might describe palace after palace of our Princes of Privilege that for a couple of miles stud Fifth Avenue as thickly as the sumptuous residences of the nobles graced the undulations of the Palatine Hill in Rome before the imperial regime made it the sole abode of the Emperors.

Yet magnificent residences are not confined to Fifth Avenue by any means. We find, for instance, the splendid habitation of Mr. Charles M. Schwab, the steel and shipyard prince, rising in the center of a square block at Seventy-third Street and Riverside Drive. The exterior of this building is of the French chateau mixed Gothic and Renaissance style preceding 1550. It is modeled after the celebrated chateaux of Chenonceaux, Blois and Azay-le-Ridou. When completely finished, this residence of an American citizen, who twenty-five years ago started with nothing, may cost not far from \$7,000,000.

So might we pass these palaces in review. If different in detail, they bear common testimony to splendor and vast wealth. They represent all that architectural and mechanical genius and decorative art of our time can supply. More than that, the treasures of ancient European palaces have been laid under contribution for marbles, brasses, bronzes, carved woods, tapestries, paintings and an infinite

variety of lesser ornaments.

From New York we might turn to many other cities of the country and find palatial abodes of Princes of Privilege. Nor would this include all. It is not in the cities alone that we may behold a style of living undreamed of by the founders of the Republic, in marked contrast to the homes of the body of the citizens, and outrivalling as a whole the coroneted aristocracy of any country in the world. We have out-of-town houses and country seats more sumptuous than Roman rural villas in the proudest days of the imperial despotism, more splendid than the feudal abodes in the full flower of the old nobility of France.

For a century the eastern end of Long Island lay thinly dotted with sleepy little rustic villages. The last ten or fifteen years have seen a striking change. Long stretches of both the north and south shores have been acquired by rich owners, who have erected magnificent country seats, surrounding them by woods and landscape gardens.

One of these seats is "Harbor Hill," at Roslyn, on the north shore. It is the out-of-town home of Mr. Clarence H. Mackay, son and heir of the late Mr. John W. Mackay. Following the ancient propensity of the very rich to exhibit their affluence in the name of charity, Mrs. Mackay not long since opened her stately house for a benevolent bazaar. A multitude attended. The inquisitive peered at the fine building and its rare and costly fittings much as tourists in Europe visit and inspect the present and past abodes of royalty. In the half-million dollar drawing-room they may have beheld the much talked of Zarn portrait of the young and comely mistress of the mansion, who, because she for a time had a fancy to use violet notepaper in her large social correspondence, was shocked at the contrast of red two-cent postage stamps, and hence used only three-cent stamps, which are of harmonious violet hue.

A home of similar princely order, but of far different architectural style, is that of Mr. and Mrs. Howard Gould on the north shore of Sands Point. It is called "Castlegould." It suggests the twelfth century Kilkenny Castle in Ireland, but will be, when finished, much larger and furnished beyond all comparison. The two hundred servants of this great establishment have the anomalous American distinction of wearing livery.

From Long Island we might pass to Yonkers, a few miles north of New York, and get a glimpse of Mr. William Rockefeller's house and estate; to North Carolina, to see Mr. George W. Vanderbilt's mountain palace, "Biltmore"; to Newport with its splendid mansions; to Lenox and Tuxedo with their million-dollar "cottages." But perhaps more interesting than any of these is Mr. George J. Gould's "Georgian Court," at Lakewood, N.J.

"Georgian Court" is like a French chateau of the ancient regime set down in pine woods. Before the building is a high, ornate iron fence and a beautiful lawn, which together set off the imposing facade to perfection. Beyond the chateau is a huge casino for indoor sports. Grouped picturesquely about are other dependent buildings and open tennis and polo grounds.

This "out-of-town house" contains a private theater, replete with the fittings of the finest public theaters, and an inclosed swimming pool. It also contains more than one hundred and ten sleeping suites. One of the noblest art treasures of the mansion is the MacMonnies fountain, with its great white marble basin and bronze and marble group, the whole let into a beautiful, velvet-like lawn.

The interior of the house is the acme of luxury. Bronzes, brasses, marbles, tapestries, mosaics, rugs, glorious natural woods, paint that rivals ivory, ceiling canvases by Italian masters and miniatures studded with precious stones, -- these and a thousand other things greet the eye in a profusion of richness. They stun the mind when it realizes that this is not the palace of an Oriental monarch or of a sultan of the Arabian Nights' Tales, but the abode of an American citizen.

Perhaps the most dazzling feature of "Georgian Court" is the Golden Corridor. As much as double or treble the yearly wages of the average anthracite coal miner in Pennsylvania appears to be laid in gold leaf on a single door.

Another type of the palatial country house is that of Mr. Matheson in the little Pennsylvania town of Ambler, where the great mansion is surrounded by a swarm of smaller buildings. There also arises, in a picturesque position, a beautiful Protestant Episcopal church, with a magnificent array of stained-glass windows. Every stone and beam and nail in this house of worship was paid for by the lord of the manor.

Yet a different example of princely habitation is the hunting lodge of Mr. William Rockefeller, in the Adirondack Mountains, in the northern part of New York State. Mr. Rockefeller has a hunting estate of 53,000 acres in this region. He has, with the aid of a number of game-keepers and after several protracted suits in the courts, twice going to the Appellate division of the Supreme Court, excluded the old-time dwellers in those mountains from the exercise of what they considered their prescriptive rights of hunting and fishing on lands and in streams now constituting parts of his great preserves.

There are various other large private game parks in the Adirondacks, the most extensive of which is the 70,000-acre Whitney estate for moose, elk and buffalo, as well as for pheasants, grouse and partridges. This private game preserve, exceeding a hundred square miles in area, is about five times the extent of Manhattan Island.

Or if the desire is to travel, witness the luxury by land and sea! Most of the very rich have their private cars. Mr. W. K. Vanderbilt spent \$50,000 on his. Of the large American yachting fleet there are several boats which have cost, individually, from one half to three quarters of a million to build, and probably cost more than \$5,000 a month to run. A yachting expert estimates that there has been an expenditure of \$44,000,000 in yachts in this country, while approximately \$8,000,000 is spent annually in running them.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)



The Menace of Privilege

Chapter 6: Amusements, Dissipations and Martial Relations

Henry George Jr.

[1905]

TURN to the amusements of the privileged rich and ask if they run with the customs and habits of the mass of our people.

A despatch from Saratoga last summer told how Mr. John W. Gates, with smiles, lost \$10,000 in a six hours' game of faro. Mr. Reginald C. Vanderbilt enjoys the distinction of having lost many times that amount during a single night in a high-priced gambling establishment in New York. To the very rich, either winning or losing is nothing in itself. It can add little to or take little from their wealth. The end sought is stimulation. Those who have a surfeit of all that mere wealth can bring seek change in excitement. And so there is much recourse to gambling of one kind or another, from bridge whist to plain "buck the tiger." (The very rich may indulge this weakness without fear of ordinary exposure. But those less rich, belonging to what corresponds in England to the middle and the upper middle classes, are not so fortunate. Several select, sumptuously furnished gambling houses for women have been raided by the New York police within the year.) "Good-by, my dear," said a lady of quality to a guest, taking her departure from a house party. "So glad you came; enjoyed your company so much - and do remember, dear, you lost a trifle to me at bridge - \$300."

What stimulates, or, at any rate, what accompanies this growing passion for card gaming is a passion for the race-track. Our princes not only bet heavily, they are the owners of the biggest and most expensive racing stables, with some horses worth \$100,000 apiece. More than that, in New York some of them control the State Racing Commission, which controls the racing. In this way they conduct racing matters, ostensibly to improve the breed of horses, but really as large-scale gambling enterprises, and this in the very teeth of the law. (Act I, Sect. 9, of the Constitution of the State of New York runs: "Nor shall any lottery or the sale of any lottery tickets, pool-selling, book-making or any other kind of gambling hereafter be authorized or allowed within this State, and the Legislature shall pass appropriate laws to prevent offenses against any of the provisions of this section." Overtly, at least, this mandate is observed everywhere except on the race-track. Certain corporations have exclusive right by statute to conduct races. These race-track corporations have obtained legislative exemptions or modifications of penalty, so that, while a man caught "making a book" outside of a racing corporation's fence would be sentenced to two years' imprisonment, for doing the same thing inside that fence there is practically no penalty at all. The State Constitution is so much of a dead letter on the racing corporations' grounds that these associations actually sell the right to gamblers to make books on the track. The statute law makes a monopoly of race-track gambling, and gives that monopoly to the race-track associations, controlled by the State Racing Commission.)

Multitudes of the general public - that is, of the middle class and plain people - attend the races under the auspices of these and other race-track princes, and on the whole they lose, and lose heavily. The race-track princes come in for a handsome share of the winnings. (The New York State Comptroller's report shows that the profits for 1904 of the eight great more or less allied tracks coming under the jurisdiction of the State Racing Commission were \$3,805,125.51. This was aside from the huge betting receipts.) But other of the princes go there merely for the excitement. They are careless whether they win or lose. They are imbued with something of the reckless spirit of the early

California miner, who suggested to another miner, as a test of their relative riches, that each alternately cast twenty-dollar gold pieces into San Francisco Bay until one of them be "cleaned out."

The automobile brought a novelty into racing excitement. In the fall of 1904 the first big race was held -- the 284-mile international contest on Long Island, for a silver cup offered by Mr. W. K. Vanderbilt, Jr. For the amusement of those conducting and witnessing the race, thirty miles of public roadway were practically closed against general use -- proof of the degree to which common rights bend to Privilege! No danger to the public? No, not if the public keep out of the way; but death and destruction to any who get in the way. As it was, one participant was killed outright, another very badly hurt, and for a time paralyzed. Many other fatalities have since attended high speeding. But what of that? There will be such racing and high speeding so long as a craving for excitement exists and finds no other outlet. The very danger involved adds fire to the agitation. Are not jockeys killed every year in the horse races? Does that increase or lessen interest?

Would this imply that our Princes of Privilege have brutal tastes? What I assert is that, lifted above interest in normal things, our princes as a class crave unusual stimulants. So far has this appetite advanced, that women of the privileged order are now seen at prize-fights. Fifty of them were found among the spectators at a private "mill" raided by the police in Brooklyn not long since. Of the three thousand persons who witnessed the six-round "bout" between two prize-ring celebrities in Philadelphia within the year, four hundred were women -- women of station in that city. One of them, in a newspaper statement, to which her name was attached, said of her presence there, and the sensations she experienced: --

- I didn't want to go, because I think all such things very brutal; but I was asked, and I didn't want to refuse. So I went, and I am very glad I did. Thinking it over, I feel surprised at myself. But to be candid, from the minute the men started I liked it. There was a funny little shock, a revulsion, at first. But after that the blood began to tingle in one's veins, and one felt alive all over. I'd never go to another prize-fight. But I certainly understand why men like to go.

This is the utterance of a highly respected woman. She spoke so in the face of the fact that, although the fight was only "six rounds" in length, and was declared a "draw" at the end, there was a frightful lot of hard hitting. One man's eye was split open, and both men, bleeding profusely, were smeared with their own and each other's blood. Brutality was there, but it was forgotten in the mad excitement. This was also true of many who attended the gladiatorial fights in Roman days. In his "History of European Morals," Lecky repeats the story related by St. Augustine, how one of the latter's friends, being drawn to the gladiatorial spectacle, endeavored by closing his eyes to guard against a fascination he knew to be sinful. A sudden cry caused him to break his resolution, and he never could withdraw his gaze again.

Mr. Bryce notices (The Outlook, March 25, 1905) a change common to all classes, "all the more noticeable in America, because it is there quite recent." This change is "the passion for looking on and reading about athletic sports" -- of being, not actors, but mere spectators.

- The love of playing and watching games which require strength and skill is as old as mankind, and needs no explanation. So the desire not to play, but to look on at chariot races and gladiatorial combats, was a passion among the people of Rome for many centuries. The circus factions at Constantinople have their place in history, and a bad place it is. But this taste is in America a thing almost of yesterday. It has now grown to vast proportions. It occupies the minds, not only of the youth at the universities, but also of their parents and of the general public. Baseball matches and football matches excite an interest greater than any other public events except the presidential election, and that comes only once in four years.

The interest of the universities is attested by the huge revenues of their athletics. The receipts from athletics at Yale for the fiscal year ending September 30, 1904, aggregated more than \$106,000, while the total expenses were \$75,174. And some of the games are essentially brutal, especially football. It appears to be a settled feature of the coaching in the latter game to pick out the most dangerous man on the opposing team, and "put him out" in the first few minutes' play, "putting him out" meaning to injure him in some foul way, so as to incapacitate him from further play.

Nor is the preeminently national game, baseball, free of brutality. If it does not take the form of crippling players, it prejudices pure sport. Association owners engage players to win games by any method, with the intention of getting the biggest possible gate receipts. Polite, generous usages

succumb to coarse, brutal hustling. There is unseemly wrangling among players, almost fist fights with umpires, and tolerance of the loosest shoutings from the roughest and most turbulent part of the spectators, who thrive on disorder. Among the colleges there is complaint that many of the best players are practicing deception to evade the amateur restrictions against taking pay, and that they descend to the pay and the hurly-burly of professionalism.

Or with small thought for all this, and finding occupation in other channels, see how some of our princes study and practice what they are pleased to call "The Science of Philanthropy." It really is not a science. It is not effectual, nor can it be. It does not go to fundamentals; it merely touches here and there on the surface. It does not stop the robbery of the masses, the robbery that reduces them to poverty. It simply gives a few sops to them out of the spoil taken from them. If the beneficiaries do not see this, yet it is so. With the best intentions in the world, they can do nothing far-reaching or permanent unless they do justice, and justice means stopping the robbery of some for the enriching of others. With justice in respect to privileges, the practice of "philanthropy" would not be required. With justice not practiced, the "science of philanthropy" can only be a study of how, in Tolstoy's words, to do "anything for the poor but get off their backs."

What then if the Charity Organization Society of New York, for instance, be built up into a sort of "clearing house to the other charitable societies," enabling those philanthropically disposed to quickly ascertain "what to give and how to give it"? What if the "Tenement Shade Tree Committee of the Tree Planting Association of New York City" line the streets of poor districts with trees? What if Mr. Carnegie appoint a "Hero Commission," and transfer to it from the vast fortune he accumulated through privileges, \$5,000,000 in first collateral five per cent. gold bonds of the United States Steel Corporation, the interest of which is to be used by the Commission for the awarding of medals to heroes and pecuniary aid to the injured heroes and the wives and children of those heroes who die? What if Mr. Henry Phipps, for so long a partner in the Carnegie Company, establish tenement houses on a basis of five per cent. income on the investment? What if societies be established to enable "the worthy poor" to pawn their small personal effects at lower than the legal rates? What if hospital beds be endowed, and a thousand other things in themselves more or less good, which "the science of philanthropy" can suggest be done? What of it all? It falls far short of justice, which is all that is needed. But justice is something that Privilege does not and will not see. Many of the privileged pursue "the science of philanthropy" as an intermittent occupation or amusement; some of them, perhaps, as a conscience easer.

And what are the offsets to this seeking for excitement or searching for occupation and peace of mind? Often it is misdirected interest in things. For instance, one lady daily sends her dog out in her victoria for a "constitutional," liveried driver and footman on the box. Another treats her toy spaniel to the opera, on one occasion taking him to hear Caruso. Another has her darling quadruped massaged, in order that "his spirits may be kept high, and his life may be prolonged." Yet another has the teeth of her pedigreed pet gold-filled, just as the Empress Poppaea had her horse gold-shod, -- the horse that the Emperor Nero made consul. Then there are those who choose snakes, lions, pigs and bears for pets.

At other times there is the very madness of inanity: valentine dinners, golden-dish dinners, appendicitis dinners, horseback dinners, monkey dinners, bull and bear dinners, clown dinners and Egyptian desert dinners -- the latter given by a New Yorker who lives abroad, the table being set as a miniature desert, where each guest dug up jewels with tiny gold pick and shovel.

A twist is given to the inanity by introduction of the English revival of falconry. Many cotes containing merlins, bastards, bobbies and goshawks are reported to have been set up on large private estates in western New York and the Berkshire Hills within the past two or three years. Then there are colonial fox-hunts and English "squire balls"; also revels and pastoral vapidities, such as were so favored in the dry-rot days of the French court, before ingulfment by the revolution. There are midnight beach parties, wild animal cotillions and vegetable parties, the latter in various ways suggestive of those mindless growths of the earth in imitation of which the participants dress. Perhaps there is a flocking to some such place as Sherry's in New York, to listen to the "melancholy apostle of beauty" descant on "The Mystery of Blue Hydrangeas"; or to some place like Delmonico's to applaud a more matter-of-fact person read from a manuscript book on "Marital Unrest," or another discourse on "How to Get Rid of a Lover."

These are the conditions in which our Princes of Privilege raise their offspring. As in all other courts of princes, flattery, cajolery and temptation fawn, snare and pander. Is it any wonder that pride,

slothfulness and self-indulgence seek to possess the princelings?

There are honorable exceptions. Some of the heirs to empires of power choose deliberately to work and to work seriously. There are princelings, however, of a very different kind. Having slipped through college, by some sort of oiled process, they make no pretense of troubling with any more serious business than how to dress in the pink of fashion. If outwardly some are more seriously inclined, their thoughts are not so. I have a princeling in mind who entered a banking house to become fitted to follow his banker-father's footsteps. Though of voting age, his lack of interest in the business qualified him for no better place in the establishment than that of high-class messenger boy. Odd intervals he devoted to study. But what kind of study? To the difficult art of picking horses, to the delicate one of mixing drinks. For the most part the young scions are not troubling themselves about any kind of industry save that of amusement. They pay \$40 or \$50 for choice seats at championship fights. They nonchalantly stake large sums on the speed of a horse, the turn of a wheel, the chance of a card.

Focus on Women

Time was when the universal habit in the Eastern and Middle States followed St. Paul's precept, "If any will not work, neither shall he eat." There was no such occupation as "gentleman." But in the circle of Privilege this is passing. Where the public marriage license asks for statement of the occupation of the groom, and of the fathers of the contracting parties, more and more frequently the word "gentleman" is written in.

Is it strange, then, that with nothing serious to engage them, and with great riches at their command, these princelings should fall into the arms of deadly dissipations?

And if it is so with the sons of our Princes of Privilege, what of the daughters?

Fifty years ago the keen French observer and commentator, De Tocqueville, paid our women the highest tribute. After citing the fact that adultery was a crime punishable with death in colonial Connecticut and Massachusetts, he said: "If I were asked . . . to what the singular prosperity and growing strength" of the people of the United States "ought mainly to be attributed, I should reply: To the superiority of their women . . . No free communities ever existed without morals, and morals are the work of women . . . There is certainly no country in the world where the tie of marriage is more respected than in America, or where conjugal happiness is more highly or worthily appreciated." ("Democracy in America" (1898), Vol. I, pp.46, 389, and Vol.11, p. 2 62.)

This was written before the advent in America of great fortunes from special privileges. Our people then were far, far more homogeneous than they are now. The multimillionaire was very rare, and on the other hand De Tocqueville said he never met with a lackey in the United States; that all regarded themselves as equal citizens of the Commonwealth -- as men. ("Democracy in America," Vol.11, pp.215-217.) Of course an aristocratic feeling did to some degree exist. But it was not marked as to fortune or to outward bearing. De Tocqueville knew of the effects of the fruit of the evil tree of aristocracy on women as well as on men, and he plainly specified them: --

- Among aristocratic nations, birth and fortune make two such different beings of men and women, that they can never be united to each other. Their passions draw them together, but the conditions of society, and the notions suggested by it, prevent them from contracting a permanent and ostensible tie. The necessary consequence is a great number of transient and clandestine connections. Nature secretly avenges herself for the constraint imposed upon her by the laws of man. ("Democracy in America;" Vol.11, p.250.)

Does not this aptly describe much that we see in the "smart set" of our aristocracy of privilege? The old true love, the deep love, the love rooted in respect, seems to be going out of date among our princes. Power, money; money, power: that is the thing most thought of and talked of. Money seeks money in marriage. Or, surrounded by all that money can supply, the daughters of our Princes of Power yearn for the regalia of Princes of Title. Their eyes turn abroad, and many of them marry English, French, German, Austrian, Russian, Italian and Spanish coronets.

There are doubtless among these foreign nobles men of estimable character and parts. But waiving

the question of departure from democratic-republican principles, the too frequent tale of infelicity and separation makes such matches as a rule unwholesome. For that matter, nuptial alliances made at home or abroad seem, as a rule, to have much the same result among our Princes of Privilege, - unhappiness, divorce.

A cynic, touching upon superficial aspects, remarks that the prevalence of divorce among the privileged class comes from dancing the fashionable cotillion; that in that dance the young women become fascinated with the idea of changing partners, and they apply it to marriage. One case of rapid change of marital partners filled the press of the country and excited much caustic comment. The sister of Mrs. Reginald Vanderbilt was in the course of fifty minutes divorced from Mr. Arthur T. Kemp and married to Mr. Hollis T. Hunnewell. This occurred at Newport, and Justice Dubois of the Appellate division of the Supreme Court of Rhode Island broke the old and sealed the new bond. Dr. Felix Adler has cited a woman who has been divorced and remarried five times, being twice married and twice divorced from one man.

Now the weakness or sins of divorce in this country are not to be laid solely at the door of Princes of Privilege. We know full well that our churches are profoundly disturbed over the alarming increase of the evil among all but the very lowest classes of this country. The truth seems to be that divorces are not only more numerous in the United States in proportion to marriages than in any other country showing records, but that they are rapidly increasing. (According to Mr. W. F. Wilcox in "The Divorce Problem," in 1870 the relation of divorces to marriages was 3.5 per cent; in 1880, 4.8 per cent; in 1890, 6.2 per cent. According to the 1900 United States Census report the proportion of divorces to marriages in 1890 was 5 per cent; in 1900, 7 per cent.) And this increase is occurring in face of the growing stringency of the laws. There were sixty thousand divorces in the United States in 1903.

"Thirty years ago divorce was hardly ever talked about," said Rev. Dr. Leighton Parks recently, from his pulpit in St. Bartholomew's Episcopal church, New York City. "We scarcely knew of a case that had occurred among respectable people. But to-day it has usurped the center of the stage. It is the problem of the novel; it is the subject of conversation at the dinner party; it is talked over between mother and child; it clamors in the police courts; it demands that legislators change the laws; and it confuses the councils of the Church. It would seem at times as if marriage had disappeared, and that the chief human interest was divorce."

So far is this from being an exaggeration that many gravely discuss the feasibility of the proposal made by the veteran English novelist, Mr. George Meredith that marriage be made a brief-term contract, instead of for life. Others think the marriage and divorce laws should be strengthened, and we find the President of the United States calling the attention of Congress to the "dangerously lax and indifferently administered" divorce laws in some of the States, and expressing the hope that "cooperation among the several States can be secured to the end that there may be enacted upon the subject . . . uniform laws." (Presidential message, January 30, 1905.)

Now if divorce is so general and increasing, what is its cause? It must be general. It cannot lie in the lack of uniformity or indifferent administration of divorce laws. For, as Mr. Louis F. Post truly observes in a most suggestive little book on the divorce problem ("Ethical Principles of Marriage and Divorce"), the ceremonial of marriage is not marriage proper, but the "symbol," or "outward proof" of it. The real marriage is the establishing of a relationship of love. Each must be in love with the higher intellectual qualities and the deeper moral impulses of the other.

But it is a part of ancient wisdom that "love flies out of the window when poverty enters the door." So that the continuance of love depends in no small degree upon keeping poverty at a distance. If poverty be not kept away, love may vanish; and with love gone, many of those bound by wedlock will want separation, and many will endeavor to get it either by help of a divorce law, or in spite of it.

That is to say, the prevalence and increase of divorces does not lie primarily in loose divorce laws or lax administration, for if marriage unions were happy, permission freely to separate would have no effect upon the bonds of love. The cause is social. It is the offspring of Privilege, which intoxicates some and kills happiness in others by holding them threateningly upon the brink of ruin. The harassing dread of many even in good circumstances is that in the upheavals and overthrows constantly occurring under present social conditions, they will be reduced to the straits of poverty.

But the Princes of Privilege, while always on the defensive for their special advantages, are little

subject to the unhappiness that springs from fear of poverty. The main cause of divorces among them is the antithesis of want or its fear. Their ills are not the lean ills of scarcity, but the fat ills of superabundance. Possessing privileges that lift them in wealth and power above the mass of their fellows, these favored ones are prone to feel more or less exempted from many of the common social rules. Among these exemptions they set various obligations governing matrimony. Increasing numbers enter wedlock lightly; they hold it lightly. They come by degrees to regard themselves as Napoleon said of himself: "I am not an ordinary, but an extraordinary man. Ordinary rules of conduct, therefore, do not apply to me."

And the worst of it is that if open divorces are rapidly increasing, there is graver suspicion that secret connubial inconstancy is still more general. Yet it must be borne in mind that the startling change of manners in the country with respect to happiness, sanctity and permanence of marriage does not arise from any antecedent characteristic, but from Privilege, which harries many into unhappiness and pampers others into false notions.

And just as the marriage tie is coming to be held lightly, so the fruit of marriage is coming to be lightly regarded. There is a diminution in the number of births in the households of our princes.

Yet let us not make false assumptions. Births in the natural order of things, and taken as a whole, cannot occur haphazard. Nature must surely govern generation by law, just as she governs every other province of her vast domains. She appears to bring twenty-one boy babies into the world for every twenty girl babies. Likewise she appears to provide that there shall be increased births when the life of the race is threatened either by sparsity of population or by poverty, disease or other adverse condition in a dense population.

Reverseely, Nature seems to provide that when the perpetuity of the race is assured, there shall be diminished births.

This is apart from conscious human direction. It indicates a natural law -- a law that accords with and is subordinate to intellectual development. Where intellectual development is low, as in sparse or in slum populations, Nature begets many children. Where intellectual development is high, as among the classes of material ease and comfort, Nature brings forth fewer children. This is not to say that intellectual development suggests artificial checks on generation. It may; but aside from that, Nature herself, automatically -- acting without conscious direction of human will -- appears to lessen births, probably by bringing into play subtle differentiations and refinements, and also probably by opening up new realms that invite and absorb the mind's attention.

This appears to be the result where Nature is allowed to take her course. Hence we should expect to find, not invariably, but on the average, more births to a marriage on the lower East Side of New York City than in the better sections. But what we find is more than this. The birth rate on the lower East Side, while high, is normal for that social condition. But there is more than a normal diminution among all the classes above the very poor elsewhere. And this diminution is progressing.

This marked falling off in the rate of births cannot be due to natural causes. Its cause must be artificial. However reluctantly, we are forced to the conclusion of New York State's recent Public Health Commissioner, Dr. Cyrus Edson, and must admit that the cause is "voluntary avoidance and prevention."

To what is this due? With the middle class it is due, I believe, to the cause which is increasing divorces. That cause in most instances is the intensifying financial strain in keeping up with a former, or in rising to a newly conceived, standard of living. Where this is not so, the cause is to be found in the constant heart-racking and mindracking dread of financial losses, and the deprivations that that would involve. Hence refusal to give "hostages to fortune" in the persons of children.

This practice of "race" or class suicide among what we call our "comfortable classes" in itself denotes anything but a healthy social condition in the Republic. But what shall we say respecting the diminishing birth-rate among our Princes of Privilege? Their great wealth lifts them above the fear of poverty. With them children would not be "hostages to fortune." There superabundance is assured for the largest families possible. If "voluntary avoidance and prevention" is practiced among the middle classes because of social straits or fear of being reduced to poverty, it would seem to be practiced among the princes for far different reasons. Is the chief one desire for freedom to cast themselves into the arms of frivolity and voluptuous indulgence?

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)





The Menace of Privilege

Chapter 7: Aristocracy, A Fruit of Privilege

Henry George Jr.

[1905]

The Japanese say, "The cucumber vine will not bear an eggplant." And likewise it is true that the idea of equality cannot spring from privilege. From such a source ideas opposed to equality will come -- superiority, exclusiveness, aristocracy.

Land is the basis of an aristocracy, as De Tocqueville, in accord with common view, observes. Other forms of privilege help to create it, but ownership of land is the chief cause. This does not occur where none of the land has a high price and where plenty of good land is to be had for nothing. Only where it is hard to get, where the price of some of it is high, and where its ownership is unequal, does the ownership of land constitute a privilege. For then some, perhaps many, must ask leave of its owners for its use, and must accompany that request with a payment of rent, fixed by competition with others who desire to use it -- a competition that intensifies as population grows. At all times and among all peoples in the world's history, those who have owned the land have been the masters of those who were compelled to use it. We retain in the common term "landlord" the early meaning of lord of the land. We have forgotten that many of the names of rank in titled aristocracy arose originally from the tenure of land.

The principle of aristocracy arises from the possession of privilege, and of all its forms the ownership of land is the widest in extent, most potent and most permanent. Even when the start is made from equality of condition, those who acquire large holdings and become the large land-owners become the real ruling class, the possessors of other privileges swelling their numbers.

A realization of this advantage in material circumstances on the part of those possessing it begets the feeling of superiority and the sentiments of aristocracy.

This is not to say that virtue and talents do not bring a preeminence and advantage to their possessors, for they do. Jefferson, corresponding with John Adams on this point, called it a "natural aristocracy, . . . the most precious gift of nature, for the instruction, the trust and the government of society" (letter of October 28, 1813, Jefferson's Writings, Ford Edition, Vol. IX, p.425).

But what we are discussing is the opposite of this: an artificial aristocracy "founded," as Jefferson described it, on wealth and birth, without either virtue or talents a mischievous ingredient in government."

In the early social conditions of the Republic there was, viewed from our standpoint of to-day, little of this artificial aristocracy. It was true that in the colonial days there had been a crownocracy who enjoyed the crown grants, offices and other favors. It finds modern examples in the "Castle Irish" in Dublin, who bask in the sunshine of the Lord Lieutenantcy. Among the American Tories, as they were called, were the larger landowners. General Greene was of opinion that they owned at least two-thirds of the land of New York (Whitlock's "Life and Times of Jay," p.92).

In Pennsylvania the successors of William Penn, known as the "proprietaries," owned vast tracts. (In

1759 Benjamin Franklin was a leader in a popular movement to have proprietary estates taxed in accordance with other landed possessions in Pennsylvania. The proprietaries were only willing under extraordinary circumstances to submit to a tax on their "rents and quit-rents, but not on vacant lands, whether appropriated or not." Franklin's Works, Vol. VII, p. 319.)

While some of these estates were large, and while these large estate owners then practiced what they aim to practice everywhere, the evasion of taxes, there was in no sense at that time what nowadays would be called a monopoly of land. Easy and independent subsistence was within the reach of all. As Jefferson said of the country generally: "Here every one may have land to labor for himself, if he chooses; or, preferring the exercise of any other industry, may exact for it such compensation as not only to afford a comfortable subsistence, but wherewith to provide for a cessation from labor in old age. Every one, by his property, or by his satisfactory situation, is interested in the support of law and order." (Jefferson's Writings, Ford Edition, Vol. IX, p.428.)

So generally was it the rule for men to be self-supporting and independent that none were encouraged to look to government employment for a living. In proof of this Franklin took occasion once to quote the thirty-sixth article of the Constitution of the State of Pennsylvania, running: "As every freeman, to pursue his independence (if he has not a sufficient estate) ought to have some profession, calling, trade, or farm, whereby he may honestly subsist, there can be no necessity for, nor use in, establishing offices of profit, the usual effects of which are dependence and servility unbecoming freemen, in the possessors and expectants; faction, combination, corruption and disorders among the people. Wherefore, whenever an office through increase of fees or otherwise, becomes so profitable, as to occasion many to apply for it, the profits ought to be lessened by the Legislature." (Franklin's Works, Bigelow Edition, Vol. VIII, pp. 174-i 75.) In connection with this, Franklin said that the typical American of his day "would be more obliged to the genealogist who could prove for him that his ancestors and relations for ten generations had been plowmen, smiths, carpenters, tanners, tinners, weavers, or even shoemakers, and consequently that they were useful members of society, than if he could only prove that they were gentlemen, doing nothing of value, but living idly on the labor of others, mere *fruges consumere nati*, and otherwise good for nothing, till by their death their estates come to be cut up. (Franklin's Works, Vol. VIII, pp.174-175. Said Franklin ironically "The people have a saying that God Almighty is himself a mechanic, the greatest in the universe ; and he is respected and admired more for the variety, ingenuity and utility of his handiworks, than for the antiquity of his family.)

The war of the Revolution distressed many of the American Tories. Some went to England, some to Canada. But a considerable number remained, though by reason of the cutting free of the colonies from the crown, they were, for the time being, reduced to quietness and submissiveness. But they were the main landowners, the possessing element; and if comparatively small, they nurtured within them the seed of an aristocracy, which, with the growth of population, would sprout and give forth a tree larger and stronger than the mere office-holding and favor-obtaining Tory aristocracy that had flourished during the pre-Revolutionary days.

Franklin constantly struck at this small but vital spirit of aristocracy of his time. Even toward the end of his life he leveled the shaft of irony against it and its trappings, commencing his will with the joking words: "I, Benjamin Franklin, printer, late minister Plenipotentiary from the United States of America to the Court of France, now President of the State of Pennsylvania, do make and declare my last will and testament." (Sparks's Franklin, Vol. I, p.597.)

These were the early days of the Republic. And even fifty years ago De Tocqueville could say: "Among the novel objects that attracted my attention during my stay in the United States, nothing struck me more forcibly than the general equality of condition among the people." ("Democracy in America," Vol. I, p. xlii.)

At that time, as Dr. Gilman in his introductory to the French observer's writings says: "De Tocqueville came to this country, and found not only political equality, but an absence of noteworthy social distinctions. There was no rich class, no fashionable class; there were no families of inherited importance, no privileged people." (Ibid., Vol. I, p. xlii.)

Something must be allowed in the Frenchman's broad statement respecting equality here to the fact that he had come fresh from a land in which were great social distinctions growing out of established privilege, notwithstanding the leveling revolution. He was as a man who, emerging suddenly from a darkened chamber, is dazzled by the blaze of the sunlight. Yet he did realize that the principles of

social differences might exist in the United States, even though those differences be small and the line between them be very faint. For he affirmed "that aristocratic or democratic passions may easily be detected at the bottom of all parties, and that, although they escape a superficial observation, they are the main point and soul of every faction in the United States." (Ibid., Vol. I, p.227.)

As we have seen, a powerful class has arisen in the United States from possessing of land and other government-made or government-approved advantages. The Federal Constitution from the beginning declared that "no title of nobility shall be granted by the United States; and no person holding any office of profit and trust under them shall, without the consent of the Congress, accept of any present, emolument, office, or title of any kind whatever, from any king, prince, or foreign state." (Art. I, Sec. 9, Clause 7.) But "a rose by any other name would smell as sweet." So the causes of aristocracy existing, its results will appear, even if under other outward attributes than those of titled nobility.

Mr. Bryce notes one aspect of this. He asserts that the railroads particularly "illustrate two tendencies specially conspicuous in America -- the power of the principle of association, which makes commercial corporations, skillfully handled, formidable to individual men; and the way in which the principle of monarchy, banished from the field of government, creeps back again and asserts its strength in the scarcely less momentous contests of industry and finance." ("The American Commonwealth," Vol.11, p.532.)

And winning in what Mr. Bryce calls the "contests of industry and finance" (which might better be called "monopoly and finance"), they acquire the power of aristocrats, if devoid of the garnishings. Professor Bascom of Williams College fearlessly utters a clear word on this point: --

- The multi-millionaire cannot be the member of a free state, on equal terms with his fellow-citizens. This would be true under any circumstances, but it is still more true when this wealth has been acquired in abuse and in defiance of economic and civil law. This additional fact shows that the tyrannical temper is present, which, opportunity favoring, will disregard all rights in behalf of personal power. We can but predict that the next generation is threatened with a still greater perversion of the conditions which belong to a free and democratic community. ("Social Forecast," *The Independent*, March 30, 1905.)

President Wheeler of the University of California, in a recent address on "The Abundant Life," becomes still more specific, saying: --

- One of the saddest features of lives pursued by wealth consists in isolation from humanity. People who maintain steam yachts and dine Frenchfully at night and flit between Lenox and Newport and Palm Beach and Homburg are naturally and automatically driven into the society of the like conditioned and bound there. Their sons attend the same expensive academies, their daughters are polished off at the same elite schools, their sons and daughters meet together, and they intermarry and interdivorce, and the caste of the great rich emerges. Sound judgment and clear perspective in the motives and movements of human life are seldom found among these people of the caste who drag the golden ball and chain.

The Dehumanizing, Anti-Democratic Effects of Privilege

Are not evidences of these things to be seen on every hand? "One of the most noticeable features of the alteration in the United States is financial," observes Madame Waddington, wife of the late diplomat and ex-premier of France. She said this after an absence of thirty-eight years from New York, where she had been known as Miss Mary Alsop King, daughter of the at one time President King of Columbia College.

"Several times my different friends," she continued, "in driving on the avenue, or while dining, or at the opera, or the theater, have pointed out to me the notables. Here was a steel king, there a railway king, over yonder a shipbuilding king, farther away a cattle king, or a mining king, while Wall Street kings were so numerous as to be a rule rather than an exception. My interest soon turned to dismay. Was this really America -- a Republic? Were there no persons worth pointing out except financial magnates, millionaires? Had America no artists, scholars, poets, thinkers -- men who work and think otherwise than in terms of dollars and cents? It was disappointing, depressing. Why," with a change of tone for the merrier, "my family contained about the only Kings in the city forty years ago. But now America has more kings to the square inch than Europe has to the square mile. And a Republic! *Je vis en espoir*" (New York Times, December 18, 1904).

Yes, and others live in hope, too. Yet listen to these words: "I do not believe in equality; it would never do. We are coming more and more to have an aristocracy and a common people. I do not believe in being too democratic. Europe is older than we, and she cannot get along without the different classes."

This is the utterance of a social leader in Newport and New York, whose husband is very rich in railroad and other government-made and sanctioned privileges. She realizes that she and her family are rich from those privileges, although perhaps she does not choose to call them privileges. In the eyes of the statute laws and the construing by the courts they are rights. She herself may call them ethical rights, too, and may think them as sound and defensible in ethics as true rights. Starting from such premises, what more natural conclusion than that there is a natural division of the people into two classes: the aristocratic, embracing those who possess the major portion of the wealth, and consequently command the affluent surroundings and the culture; and the common people, embracing the mass of the population who, as it were, live from hand to mouth, all of them in trouble and strife, multitudes of them in want and brutishness?

And so it is that in a little book entitled "The Ultra-fashionable Peerage of America," a votary of Newport and New York society, Rev. C. W. de Lyon Nichols, formerly pastor of a fashionable Episcopal church in New York, says, "Almost within a decade there has sprung up in our free, democratic United States an exclusive social caste, as valid at certain European courts as an hereditary titled aristocracy -- a powerful class of ultra-fashionable multimillionaires, who, at their present rate of ascendancy, bid fair to patronize royalty itself."

This observer divides the American peerage into five different grades, as follows: (1) the ultra-smart One Hundred and Fifty; (2) the Four Hundred, supplemented by a limited few of the fashionable folk of the provincial cities and towns; (3) the outer fringe of the Four Hundred; (4) the Colonial and Knickerbocker families; (5) the wealthy upper-middle class -- society in the crude.

If this is an exaggerated picture of what we may under the circumstances call the "upper class" conditions in this country, it is none the less illuminating. The existence of privilege, born of governmental favor, has differentiated our population into social classes as truly as that in India there are high-caste Brahmans and low-caste Brahmans.

What difference is there, save at a few functions, between the outward trappings of our very rich and the titular princelings and nobles of Europe? And then behold our marriage alliances, as between noble houses. A century and a quarter ago we cut away from the monarchical idea with all its paraphernalia. But as a bright young English democrat ironically said, when visiting the Boston State House and viewing the British flags taken during the Revolutionary struggle: "We English are evening off that account now by having our peers marry your heiresses." Is it not a common social ambition for a superwealthy American daughter to wed a foreign coronet, regardless of the once predominant, all but universal democratic-republican principles among our women as well as our men? And are not many of these alliances made regardless of gambling and even worse reputations? "We are doing our best with our outworn and decadent institutions," remarks an English newspaper sarcastically. "The House of Lords is getting a good many American mothers."

But what of it? It is, as Professor Goldwin Smith has remarked, useless to rail at a class for following its natural bent. He continues: --

Multi-millionairism does not more. Its luxury and ostentation are as natural as they are conspicuous. A famous ball bespoke at once its profuse magnificence and its disregard of democratic sentiment. At heart it sighs for a court and for aristocracy. It is even introducing the powder-headed footman, while he is going out of fashion in England. Its social center is shifting more and more from the United States to monarchical and aristocratic England, where it can take hold on the mantle of high society, get more homage and subserviency for its wealth, hope perhaps in the end to win its way to the circle of royalty, and, if it becomes naturalized, to obtain a knighthood or even a peerage. It barter the hands of its daughters and its millions for aristocratic connection. One of its leading members has just abandoned his native country for the country of his class, while he continues to draw a royal income from the industry of New York. Its growth on the body politic may be, as we are told it is, the operation of natural law. But so are growths on the physical body, against which, nevertheless, we guard. (Essay, "Republic or Empire?")

It is probably an overstatement to say, although it has frequently been said, that the Royal College of Arms in London is mainly supported by fees from rich Americans, endeavoring to trace their aristocracy back to titled stock. Nevertheless it is true that much money is really spent by Americans in seeking out ancestral crests and coats of arms. Through one of our daily press we are informed by "an English authority" that "in the United States of America the machinery for the purpose of tracing pedigrees is much more complete and more easily available than in any other country of the world." Indeed we now have two works that vie for appellation of the American Burke's Peerage. One is "Matthews's American Armoury and Blue Book," edited and published by John Matthews of London. The other is "Crozier's General Armoury; a Register of American Families entitled to Coat Armour," published by the New York Genealogical Association. The Crozier work offers descriptions of approximately two thousand coats of arms belonging to American families, with the name of the first of each of such families, the date of his arrival and place of settlement, and perhaps the town or country whence he came.

It is obvious that the family names of many of our new rich do not appear in this heraldic list. Hence perhaps some of the spirit expended to form associations of Sons and Daughters of the Revolution and the like. But such hierarchies of exclusiveness might be quite cast in the shade by the formation of a Society of Sons, Daughters, Wives, Fathers-in-law, Mothers-in-law, Sisters-in-law, Cousins-in-law and Aunts-in-law of Nobility. How far has been the departure from Franklin's typical American, who would be more obliged to the genealogist for proving him a descendant of a line of plowmen, mechanics, or tradesmen, than from a line of mere "gentle-men," who do nothing. (For that matter Franklin himself is going out of date with many who claim a right to exclusiveness. He has been declared by some of the authorities of the Society of Colonial Dames to be not an eligible "ascendant" for membership in that body.) Justice Darling, of the King's Bench, during a trial in London recently decided that following the definition of the Herald's College, a gentleman is a man who himself and whose father and grandfather were entitled to bear a coat of arms.

We more and more hear of social censure of "persons in trade," and one social queen barely passes the social bars by the fact that while the family forebear in the country was a "tradesman," he "sold pearls and diamonds," which is far different from selling carrots, cloth or rat-traps. And there was a distinct division of opinion over the action of the widowed Mrs. Ten Millions in publicly refusing to give consent to her son's espousal of Miss Charming of only Ten Thousands. While of irreproachable personal and family reputation, Miss Charming and her people were regarded as "social inferiors."

If any should deny that we have come to social gradations more or less distinct, the liveried and even powdered servants would confront him. Nowadays there is a positive fashion in personal ailments, and Mrs. Ove wrought Magnificent or her fascinating but politely wearied daughter cannot cross the room for a drink of water, but must ring for a maid and have her bring it.

"The Americans never use the word 'peasant,'" said De Tocqueville, "because they have no idea of the class which that term denotes." ("Democracy in America," Vol. I, p.406.) Nor do the body of Americans use the word now. But it is heard frequently enough in "exclusive circles," along with the term "tenantry."

This is in the order of things. Privilege begets in its possessors a feeling and an assertion of superiority. As Bentham has said: "Wherever there is an aristocracy, public sentiment is the child of that aristocracy." And since our Princes of Privilege constitute a real if untitled aristocracy, we must expect its offspring.

Much has been said of late about the introduction of un-American ways at the capital city of the nation, and especially at the Executive Mansion. These remarks may in the main be ascribed to unfriendly partisan super-sensitiveness or to the kind of democratic-republican squeamishness that converts mere matters of personal taste into heinous departure from the virtue, wisdom and simplicity of the fathers.

It is true that now, when the President enters a general reception chamber all present of both sexes are expected to rise and remain standing; that the President, giving a formal dinner, does not take a lady on his arm to the table, after the time-worn usage of other American hosts, but proceeds alone; that unofficial as well as official Washington now construes a request of the President to be a command. It is also true that a kind of livery is now worn by some of the White House attendants, and that it was not put upon all, even the clerks, owing only to an outcry of alarm and disgust. Moreover it seems now to be necessary for a diplomat when calling at the White House officially to

go clad in much of his regalia, instead as of yore, in the simple habit of a civilian; and that the first entrance and the final departure of such representative of a foreign Government is accompanied by the thunderous escort of a squadron of cavalry.

All this rests upon the charm that picturesqueness and display have for the citizen who has been elected to occupy the presidential chair at this time. Doubtless in the opinion of some it lends verisimilitude and reality to an exalted office, which, but for such garnishing, would seem badly furnished indeed. But it is neither written in the laws nor crystallized in custom. It rests only upon the passing pleasure of the present occupant of the White House. Tomorrow another citizen will be called to that place. To it he will perhaps bring very different views respecting such matters. Perhaps he may think them too trivial to call for more consideration of an executive of a nation of nearly eighty millions of people than to blot them out of thought.

This we may answer to partisan citizens and overzealous patriotism. Yet it may seem to be curiously coincident with the larger and deeper social formalization and segregation into classes or castes that are going on through the body of the nation, being accompanied by anomalous attempts of some of our ambassadors to foreign courts to get into the whirl of pomp and paraphernalia of royal assemblages by arraying themselves in bedecked and bespangled clothes, unlike even United States military plumage, and utterly out of keeping with the dress of the President of the Republic, which is simply that of an American gentleman in private life.

In 1853 the State Department issued a "circular of instruction" to our representatives abroad commending to them "the simple dress of an American citizen." It expressed regret that there had ever been a departure in this respect from "the example of Dr. Franklin," and said that "each of our representatives in other countries will be left to regulate the matter according to his own sense of propriety, and with a due respect to the views of his own Government, as herein expressed." Some of our diplomatic representatives have construed this to mean that they were at liberty to follow their own inclinations as to dress in foreign countries. As a consequence, Mr. Whitelaw Reid donned silk knee-breeches at Edward VII's coronation in London, and Ambassador McCormick at St. Petersburg and Ambassador Charlemagne Tower at Berlin let loose their fertile fancies, devising and wearing dark blue uniforms, trimmed with gold buttons and gold lace, accompanying this with sword and black hat with a white ostrich feather.

And it might also be said in passing reference to President Roosevelt's military escorts and his steps to centralize the military arm of the Government and to build up the naval arm, that professional soldiers are not prone to democracy. De Tocqueville descants on the aristocratic tendencies of armies in democracies. ("Democracy in America," Vol. 11, p.326.) And in keeping with this, one of our admirals thinks so lightly of the right of suffrage that he has not voted in many years and has rather boastfully proclaimed the fact; while one of our major-generals has propounded the doctrine that young army officers should not be allowed to marry without permission of the War Department, and ought to be forbidden to take wives who are not rich, unless the bridegrooms have means beyond their pay, so as to live in a style according to their social station.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)





The Menace of Privilege

Chapter 8: Despoilment of the Masses

Henry George Jr.

[1905]

Victims of Privilege

WHAT makes privileges springing from governmental enactment or sanction a double evil is that while they exalt the few to superabundant, intoxicating riches, they sink the many into hope-killing, brutalizing poverty. For, as we have seen, these privileges are in effect nothing less than private laws enabling some to appropriate from others. Privilege is essentially a power of appropriation, which robs some into riches and others into poverty. We have considered riches. Let us consider the other side -- poverty

A few generations ago there was such abundance of unappropriated land that any who wanted it could sooner or later have a farm. The wages of those who preferred to work in one way or another in the villages, towns and cities were high, depending, as the rate of wages must always depend, upon what such men could earn at the margin of cultivation; that is, from the best land which could be had without the payment of rent. If for a time more could be earned by laborers in selling their services to another than by going upon free land and employing themselves, then the flow of laborers would tend toward the selling of their services. When the greater gain was to be had by working for themselves, then the tendency was to take up land and work it. Hence there was and always must be a close relationship between the wages for which a laborer will part with his services to another and the wages he can earn by applying his powers directly to nature without intervention of another; that is, without payment of rent.

If the land free to him is fertile and accessible for agriculture, his efforts will bring him large results. If it is rich with desirable minerals, easy to work and accessible, his efforts will be rewarded still more largely. If these free natural opportunities are plentiful, wages generally must be high; for, with everything else equal, no one will take less for his labor than he can obtain by it on the best free land open to him.

As long as there seemed to be a large supply of free land in the United States few thought it of moment to consider what might happen when the supply gave out. At the time of the establishment of the Republic a sparse population scattered along the Atlantic seaboard. Westward lay the vast, unexplored continent. To populate that seemed to Thomas Jefferson a matter of centuries. (See Letter to Madison, written from Paris Dec. 20, 1787; Jefferson's Writings, Ford Edition, Vol. IV, pp. 479-480.) At first efforts were made to restrict appropriations to small quantities, and those to actual settlers. And so easy was it for the man of little means to get land that there was no practice of renting as late as 1850, De Tocqueville testifying, "In America there are, properly speaking, no farming tenants; every one owns the ground he tills." ("Democracy in America," Chap. VI (Vol. 11, p. 226).)

But behold the startling state of things that now confronts us. Estimates based upon Federal census statistics indicate that in 1900 only thirty-one per cent. of the families of the United States owned homes or farms free and clear of debt. Another fifteen per cent. owned homes and farms that were

encumbered ; while fifty-four per cent., or more than half the families, were paying rent. Indeed, it is considered that two thirds of the mortgagees are really tenants, so that practically only seven twentieths; are really owners of homes and farms. Professor J. G. Collins, engaged in the 1890 census work, computed that about ten per cent. of the total population owned or controlled approximately ninety per cent. of the total land values of the nation. (Statistics relating to this and kindred subjects are compiled in condensed and very suggestive form in a little indexed work entitled "Free America," by Bolton Hall. Also see "Abstract of the Twelfth Census," pp. 30-31.)

That is to say, the great "open West" has been appropriated, save the Indian reservations, for which there are mad "sooner" and "boomer" rushes whenever the General Government, removing the Indians, opens parts to homestead entry and settlement.

Not that all this vast territory is settled and in use. Far from it. There are thousands upon thousands of square miles of productive, accessible land that would yield bountifully to labor. (What may be done with a patch of ground and the new life that this may awaken is to be witnessed in the operations of the vacant lot cultivation charitable societies in any of our large cities. Men, women and children from the densest of the poor quarters are, under supervision, permitted to earn what they may by the cultivation of a few square feet of accessible land, otherwise kept idle by speculation. The anecdotes related in reports of these associations are most pathetic. The Philadelphia association report for 1904 says: "One of the best gardens from the standpoint of value of produce, as well as for the many varieties of product it contains and the artistic arrangement, was worked by a man who had but one arm.") But it is not used. It is preempted and belongs to this or that individual, who chooses to hold it, not for use, but for what it will bring its owners when the increasing population has made a greater demand for it. The owners ask for its present use a price based upon their expectation of its value for the future. Vast quantities of unused land can be had, but not from the Government, and free, as of yore. It is to be had only from private owners and on the payment of a price -- a price that the growing needs of the community and the monopoly power of speculation is constantly augmenting.

Since the lowest wages that laborers in the United States will accept rest upon what they can earn from land at the margin of cultivation, and if all the land here is appropriated and bears a price, the basis of wages must be what such laborers could draw by their labor from free land in some other country that is most easily accessible. (I am not here considering the united action of laborers. Trade unions can and do force advances in wages, which in the end must be deducted from speculative rent.) If such other country containing free land be far removed, the rate of wages in the United States must to that degree fall.

The simple remedy for this speculation in land is taxation -- the removal of all taxes from production and its fruits, and the concentration of the whole tax burden in a single tax on the value of land, irrespective of improvements. This would compel the payment of taxes on the value of land whether such land were used or not. It would cut the heart out of land speculation. Monopolized tracts would be thrown open to users. The speculative value of land would be destroyed. Much good land would become free again. The general rate of wages, depending upon what laborers can earn from free land, would advance.

I shall treat of this more fully later on. I briefly refer to it here in order to relieve the reader from any thought that, because I present a somber picture of social and political conditions in the United States, I am wrapped in pessimism.

Jefferson said that our people would continue "independent and moral . . . so long as there are vacant lands [meaning unappropriated lands] for them to resort to"; because whenever it should be attempted by the other classes to reduce them to the minimum of subsistence they would "quit their trade and go to laboring the earth." (Letter to J. Lithgow, Jefferson's Writings, Ford Edition, Vol. III, p.269, note.) In another place he declared it his belief that "our Governments" [meaning State as well as Federal] would remain virtuous as long as there were "vacant [unappropriated] lands in any part of America." And looking forward to what appeared to him to be the remote future, he said:

"When our people get piled upon one another in large cities, as in Europe, they will become corrupt, as in Europe." (Letter to James Madison, from Paris, Jefferson's Writings, Ford Edition, Vol. IV, p.479.)

Have we not now reached that state of things which Jefferson thought so remote?

The effect of the appropriation of all the free land and of the general advancement in the price of land

by speculation has been to slacken the growth and in some places actually lessen the population of the rural districts, and, on the other hand, to quicken the growth of the cities. (According to the "Abstract of the Twelfth Census" (p. 100), while the general population increased eighteen per cent. from 1890 to 1900, that of 160 cities of the United States having 25,000 or more inhabitants within the same decade increased thirty-two per cent. Indeed, while during the eleven decades from 1790 to 1900 the rural population increased thirteen fold, the urban population increased two hundred and twenty fold.)

Census figures appear on their face to show that the large agricultural holdings are being subdivided and that there is a pretty steady decrease in the size of the farms. This is against common observation, one of the clearest of facts being the absorption of great areas in the West and Middle West through foreclosure by mortgage companies. The truth is that, in respect to the size of farms, each census has been conducted on different lines. Marked variations have been made relative to the things included and excluded from the classifications. This makes comparisons of the several censuses on the size of farms of little value. (My father, as early as 1883, drew attention to the absurdity of the census comparisons respecting the average size of farms. See Chap. V, "The March of Concentration," of Henry George's "Social Problems," in which is also published an appendix correspondence on the subject with General Francis A. Walker, Superintendent of the Ninth and Tenth Censuses. Somewhat similar examinations of the Eleventh and Twelfth Censuses have been made by Mr. Henry L. Bliss. See signed articles in *The Public*, Chicago, April 16 and May 7, 1904.)

All this means, obviously, that so far as the farming population is concerned, the tenant class is rapidly increasing, and that many of that tenant class is being forced into the cities.

And below the tenant class is the class of hired laborers -- the "hands." More and more of these hired laborers are being fixed to that condition for life, which President Lincoln, in one of his messages to Congress, asserted was not the case at the Civil War period. (Lincoln indignantly denied this assumption of the proslavery advocates. See his First Annual Message to Congress, dated Dec 3, 1861, *Messages and Papers of the Presidents*, Vol. VI, pp. 57-58. Alabama and Georgia have recently revealed an extensive condition of negro peonage systematically practiced by irresponsible justices of the peace, who, for the most trivial debts and often on trumped-up charges of debt, have been selling negro men and women into protracted service that amounted to a kind of slavery. This was done in defiance of the spirit of the Thirteenth Amendment of the Federal Constitution against servitude and against the express letter of Secs. 5526 and 5527 of the Revised Statutes of the United States against every condition of peonage. The Federal authorities and courts have recently been laying a heavy hand on the practice. See "Peonage in America," by Herbert D. Ward, *Cosmopolitan*, August, 1905.)

Not only this. It also means the creation in increasing numbers of those who, tramping about for a chance to work and finding nowhere fixed employment, lose the fire of ambition, then hope, and are reduced at last to a state of vagabondage. The Western country, whose broad, fertile, idle acres call for men, contains thousands upon thousands of tramps. A dog-in-the-manger monopolization keeps acres and laborers apart, putting more and more roving pariahs on the public highways.

It calls to mind the biting words of John Moore in the seventeenth century, when describing a similar tyranny of conditions in his day: --

Shame it is for any Christian society, city or town, to take no more care for the poor than they be forced to beg. But how great a shame is it for a gospel magistracy not to suppress make-beggars, which make such swarms of beggars in counties, cities and towns. I cannot but lift up my voice like a trumpet, and tell these make-beggars their sins, and these greedy gripes their transgressions. They care not how many beggars they make so themselves may be gentlemen, nor how many poor they make so themselves may be rich. I mean the unsociable, covetous, greedy broods of those wretches who, by their inclosures, do un-people towns and un-corn fields. Question many of our beggars that go about from door to door, where they dwell, and why they go a-begging. "Alas, Master," say they, "we were forced out of such a town when it was inclosed, and since we have continued a generation of beggars."

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)





The Menace of Privilege

Chapter 9: Privilege Causes Criminality to Grow

Henry George Jr.

[1905]

...While social environments are molding some into obsequious, servile lackeys, they are driving others to suicide, to insanity and to all manner of crime.

Professor Frederick L. Hoffmann's investigations for the information of one of the large insurance companies find that the numbers of suicides is great and progressive. In fifty of the principal cities of the United States the suicide rate for the eleven years of 1893 to 1903, inclusive, was 16.30 to every 100,000 inhabitants; in 1903 it was 18.39 (In New York (Boroughs of Manhattan and the Bronx) the rate during the period of 1892 to 1902, inclusive, was 21.6 per 100,000; in Hoboken, just across the Hudson River, 27.14; in Chicago, 23.64; in St. Louis 25.87).

Mr. George P. Upton of Chicago, for years one of the recognized authorities on the subject in America, last year published a table showing 77,617 cases of suicide reported in the newspapers of the country. ("The Facts about Suicide" The Independent, New York, April 7, 1904. Among other things, Mr. Upton says: "Between the ages of ten and twenty-five, suicides of women are more numerous than those of men. It is one of the saddest features of the case that suicides of women increasing faster than those of men. Half a century ago five times as many men committed suicide as women. A quarter of a century ago the proportion was three men to one woman. During the last three years the ratio has been about 2 1/2 to one. Another sad feature of the suicide situation is the increasing number of children who kill themselves. These suicides are almost without sufficient cause, and sometimes without any.")

Poverty, with all that it means, is a sufficient cause.

And it is a sufficient cause for the growth of insanity. The statistics of the insane outside the precincts of the public and private asylums are scarce and hardly reliable, since there is a natural tendency to hide it wherever possible. Yet the number of insane in the asylums is on the increase, and is greatest among those of highest temperament, who are most quickly distracted by the savage battling for a living.

(Official reports for Washington, District of Columbia, give 277 cases for the year ending June 20, 1899; 247, for 1900; 283, for 1901; 336, for 1902; 290, for 1903; and 373, for 1904, with indications that those for 1905 will quite equal the figures of the preceding year. These figures include only those patients sent to the Government Hospital for the Insane by the municipal authorities, and not patients sent by the United States Government from the soldiers' homes, army and navy, etc. Nor do these figures include such cases as recover before a formal hearing. It appears probable that if the temporary aberration cases were included, they would increase the foregoing figures about ten per cent.)

Dr. V. H. Podstata of the Dunning Insane Asylum for Chicago is reported to have stated that in his judgment one in every 150 of that city's inhabitants is insane. Dr. H. N. Moyer, the eminent alienist of that city, is more moderate. He thinks that the insane of Chicago number one to 400 of the

population; in New York, one to 340; in Boston and New England, one to 320. "There is no doubt about the cause of the increase of insanity," he observes. "Poor food, poor homes, with no sun and bad air, improper clothing, worrying about the rent, drive people crazy."

Whatever will produce these results on the more sensitive will brutalize the more stolid. Behold the development of the brute nature in a long catalogue of manifestations, ending with woman beaters and the ruthless trampling upon the weaker sex by men in car and steamboat accidents.

Jefferson said that within the space of ten years he had not heard of a single highway robbery in any of the States, except in New York and Philadelphia immediately following the departure of the British army, some deserters from which infested "those cities for a time." (Letter to M. Claviere, Paris, July 6, 1787, Jefferson's Writings, Ford Edition, vol. IV, p.402.) How odd this now sounds, when tramps are scattered all over our country, even through the newest of our States, and thieves infest our cities; when every manner of crime known to poverty is to be met with in our legal procedure, and when special courts have been created for child-offenders.

Thievery of every sort and description, from stealthy filching to house-breaking, bank blowing and train-robbing, is to be found generally upon our criminal court calendars. Train robbers are nowadays hunted and shot down like wild beasts. Some of the railroad and express systems centering in Chicago announced subsequent to a couple of hold-ups that a dead train robber is worth \$1000, and that they will give that sum to the man that does the shooting. One of the officials of the Burlington Railroad is reported to have stated, touching this: "All of our conductors and trainmen carry revolvers, and we are encouraging them to do so, and to learn to shoot straight. I am in favor of a concerted action on the part of the railroad managements and express companies which shall have for its object the hounding of train robbers to the ends of the earth."

The activity of burglars is notorious. Little boys and little girls engage in hold-ups. And behold the cool deliberation marking some of our highway robberies! Edwin Tale, twenty-five years old, an athlete and a member of the Fourth New Jersey Volunteers during the Spanish War, was arrested in Chicago for holding up a man. He said in confession: "I rode on the elevated trains between eleven P.M. and one A.M. When I saw a man who looked easy to rob, I got off the train ahead of him and lay in wait."

Criminal gangs flourish in particular localities until their too brash operations at last raise such a public outcry as to cause them to be routed out by the police. For that matter, it is too plain to be ignored or denied that the police organization itself in the greater cities is made largely *particeps criminis*. Many police chiefs, superintendents, inspectors and captains, not in New York alone, but in most of the cities, have, with but brief interruption, regularly demanded and regularly received heavy blackmail as the price of blindness to vice and crime.

What fosters the police blackmail evil is the policy so prevalent in this country of late years of using criminals to catch criminals. This makes a back-door connection between the police and what might be called "the instituted criminals." It is told as illustrative of this connection that a certain judge complained at New York Police Headquarters that he had had his pocket picked while crossing Brooklyn Bridge, and had lost his watch, the number of which he gave. A detective was put upon the case. A few hours later report was made to the judge that he must have been mistaken; that he must have lost his watch somewhere else; that the department had means of locating every watch stolen on the bridge during the last forty-eight hours and that no watch bearing the number he had given was among them!

It is furthermore a solemn fact that corruption money is actually used by the Police Department and the District Attorney's Office in New York City to get evidence against infractors of the liquor laws and against disreputable houses. On file in the Controller's office in New York may be seen the approved and paid bills of "plain clothes men" and "special detectives" for clothing outfits, theater tickets, suppers, carriages, wines and women. Controller Eddward M., Grout early in his administration made a vigorous and indignant public protest against this use of public moneys, but the District Attorney's office and the Police Department said the practice was necessary, and discussion of the matter soon dropped; but not the practice, which has continued.

It is true that the infraction of puritanical sumptuary laws, which is made a penal offense, is the cause of many arrests. Yet, being on the statute books, they should be obeyed. And it should be the duty

and practice of the law's municipal servants to see to their enforcement. But it is seriously and credibly charged that while the arrests in the city of Philadelphia for the year 1903 amounted to the enormous number of 75,699 cases, a great number of most serious cases of vice and crime were overlooked by the police for blood-money.

The ratio of arrests in Philadelphia for 1903 was one person out of every seventeen of the population.

That is exceeded by New York and Chicago only in the greater gravity of offense.

The cases of four young men in the latter city illustrates the nature of these crimes. Gustav Marx, age twenty-one; Peter Niedermeyer, age thirty-two; Harvery van Dine, age twenty-one; and Emil Roeski, age nineteen, acting together, committed eight murders and at least one hundred hold-ups. The most significant fact in relation to these young men was that they were American born, and belonged to what many might regard as middle-class families. They but imitated those driven to such things by poverty, or the fear of it.

And if present tendencies continue, we shall soon have among us a horrible practice which has caused such grave scandal in England -- the crime of murdering children for the insurance placed on their lives. Not only have such atrocities been detected of late, but also cases where men, without their knowledge, were insured for a few hundred dollars, and then mysteriously died. A series of such cold-blooded crimes occurred recently in Bayonne, New Jersey, one of the commercial and industrial suburbs of New York City.

Mr. S. S. McClure shocked the thoughtful of the country by quoting, in McClure's Magazine, for December, 1904, a summary of statistics on murders and homicides throughout the country, collected by the Chicago Tribune, and covering twelve years ending 1902. These figures seemed to prove that in 1904 there were four and a half times as many murders and homicides for each million of people in the United States as there were in 1881.

"Oh, well, but," comes the reply, "the thing is explained by the fact that latterly there has been a little more systematic publication of murders and homicides." But why should newspapers pay more attention to such things now than they did a dozen years ago? And how explain away the increasing murders and homicides on the court records? An experienced magistrate, Recorder John W. Goff of New York, told me not long since that in his judgment the course of crime in this country is not only toward more frequency and gravity, but that it is changing its old hot impulsiveness, openness and directness, for cold calculation, secretiveness and deliberate intention to strike without being discovered. This progress and difference he attributes mediately and immediately to extending and deepening poverty.

Not a few are ready to charge any disadvantageous developments among us to immigration -- to the "foreigner." But this would imply that murders and homicides are more frequent in foreign countries than here, which is not the case. (Mr. McClure says that, taking the census for 1900 as a basis, from only one country sending us emigrants - Russia, which sent us only 1/23 part of all that came that year - was there a higher murder and homicide rate than in the United States. And even in Russia the rate but slightly exceeded ours. The remaining 22/23 of the immigrants came from countries no one of which has half as many murders and homicides per million population as we have. See McClure's Magazine, December, 1904.)

What John Stuart Mill wrote years ago has singular applicability to us in this country now --

If the bulk of the human race are always to remain as at present, slaves to toil in which they have no interest, and therefore feel no interest - drudging from early morning till late at night for bare necessities and with all the intellectual and moral deficiencies which that implies-without resources either in mind or feeling-untaught, for they cannot be better taught than fed; selfish, for all their thoughts are required for themselves; without interests or sentiments as citizens and members of society, and with a sense of injustice rankling in their minds, equally for what they have not and what others have; I know not what there is which should make a person of any capacity of reason concern himself about the destinies of the human race. (Principles of Political Economy," Bk. II, Chap. XIII.)

Does not this suggest why the President of the United States is now attended by more or less of a body-guard? Behind the fear is something more real than a phantom. Four years ago a President was killed by a young man who called him a despot. The assassin, Leon F. Czolgosz, was twenty-eight years old, and a native-born citizen, his birthplace being the Western city of Detroit. He had attended the public schools at Alpine, Michigan, and had received a fair instruction in the common branches. He worked in various cities of the country. He was the son of an honest, hard-working father and an earnest mother, and the brother of a United States soldier in the Spanish War. But for all this he had seen trusts and monopolies and combinations rise and exalt some to great power, while the masses of the people were reduced to an intensifying competition among themselves for a living. He became what the Socialists call "class-conscious." He confusedly said to himself that the working masses are getting so little of the fruits of production because another class is "exploiting" them. And he became so far "class-conscious" that he forfeited his life to strike a death-blow at the Chief Executive of this Nation. That Chief Executive, he believed, was not really the servant of all the people, but the creature of some.

I do not understand that this confirms those of the Lombroso school who assert that a criminal "type" has been established in this country, and that that "type," by mere generation, is reproducing and multiplying itself. To my understanding it rather upholds the view brilliantly set forth before the American Association for the Advancement of Science, by Dr. Edward A. Spitzka of New York, that there are now social conditions in the United States that engender most of the crimes (meeting at Philadelphia, Dec. 28, 1904). For there are hordes of American men, women and children, who, like Longfellow's outcast in "The Legend Beautiful," gaze

With that terror in the eye
That is only seen in those
Who amid their wants and woes
Hear the sound of doors that close,
And of feet that pass them by;
Grown familiar with disfavor,
Grown familiar with the savor
Of the bread by which men die.

Man is made up of a threefold nature, mental, physical and moral. If the physical man starves, the mental and moral man must die.

When employment is made artificially scarce, as the existence of privilege is making it, some of our people must suffer poverty. They must deteriorate physically, mentally and morally. Then ignorant, unthinking, vicious, volatile mobs must supplant the body of intelligent, upright, self-respecting, patriotic American citizenship; and "mobs in great cities," observed Jefferson, "add just as much to pure government as sores do to the health of the human body." As Privilege extends its control, the forces of deterioration must extend, until the whole community will directly or indirectly become infected.

- [Preface - Against Privilege](#)
- [Chapter 1 - Land of Inequality](#)
- [Chapter 2 - The Cause of Inequality](#)
- [Chapter 3 - Types of Princes of Privilege](#)
- [Chapter 4 - Further Types of Princes](#)
- [Chapter 5 - How our Princes Live](#)
- [Chapter 6 - Amusements, Dissipations and Martial Relations](#)
- [Chapter 7 - Aristocracy, A Fruit of Privilege](#)
- [Chapter 8 - Despoilment of the Masses](#)
- [Chapter 9 - Privilege Causes Criminality to Grow](#)

