

The Tariff Question, the Labor Question, and Henry George's Triangulation

Stephen Meardon*

ABSTRACT

Henry George's answer to the late-nineteenth century U.S. tariff question was a work of "triangulation." George believed the essential policy problem, that which caused widespread poverty and inequalities of wealth and income amidst general material progress, was private ownership of land. George's *Protection or Free Trade (PFT)*, published shortly before his New York City mayoral campaign of 1886, was his attempt to demonstrate that the labor question and the tariff question, which garnered more public attention, could be answered only by addressing the land question. Studying the content and context of *PFT* shows how his free-trade treatise was a work of political and doctrinal positioning to achieve a different policy end. It also shows the contrast between George's politics and ideas with those of the Progressive-era reformers who succeeded him.

* Department of Economics, Bowdoin College, Brunswick, Maine, USA. E-mail s.meardon@mailfence.com. This is a version of a paper originally dated 22 October, 2019, with additional corrections. A version subsequent to the original was published as ch. 14 in *Inequalities and the Progressive Era: Breakthroughs and Legacies*, ed. by Guillaume Vallet (Northampton, Mass.: Edward Elgar, 2020), pp. 191-206.

"The advocates of a great principle should know no thought of compromise But the zeal of the propagandist needs to be supplemented by the skill of the politician."

— Henry George, *Protection or Free Trade* (1886), p. 319.

I. Introduction

The most cogent contribution to the U.S. tariff controversy in the penultimate decade of the nineteenth century was a book about something else.

In the predawn of the Progressive Era, the impetus for reform of an industrializing country straining against the institutions of a bygone era was building. There were differences of opinion, of course, about what needed reforming. Henry George's 1879 magnum opus, *Progress and Poverty*, presented the conclusion, drawn from his reconstruction of economic theory from Smith to Ricardo to Carey, that the distribution of income and wealth was warped by private appropriation of the annual returns from land. What needed reforming was that; all else was beside the point. But workers in a burgeoning labor-union movement saw need for more direct reform of wages and work hours, which they sought to improve, and immigration of contract labor, which they sought to impede. Farmers and traders saw need for reform of the tariff law, which maintained many of the Civil-War era's exorbitant duties on imports, especially those competing with domestic manufactures. These different reform agendas dominated the political discussion. So Henry George undertook to change the subject. His 1886 book, *Protection or Free Trade*, was nominally about the "tariff question," and it also considered the "labor question," but what it was really about was why both questions were amiss.

More than a century later "triangulation" entered the political lexicon. U.S. President William Jefferson Clinton won reelection in 1996 on a platform purporting to transcend tired partisan antagonisms. Transcendence was stylized as a position between and above the political left and right, as at the apex of a triangle. Henry George might have liked the notion. His position was situated similarly.

That is not to say that George's position was *merely* political, although it was partly that. As he affirmed in the remark that is this essay's epigraph, he staked out his position in view of its opportuneness for advancing a great principle. What is more, he set his stakes not only in political space. His triangulation was also in the space of economic ideas, above and between the distributive theories informing doctrines of free trade and protection.

This essay explores Henry George's moral, political, and economic calculus in *Protection or Free Trade*. It aims to show how different is George's free-trade treatise from other contributions to the nineteenth century US tariff controversy. The difference manifests the link, in the later part of the century, between the longstanding controversy about tariffs and the emerging one about inequalities of income and wealth. Henry George was one of the chief actors forging that link. Yet

the nature and method of the reform he proposed sets him apart from the reformers of the emergent Progressive Era.

2. Background

It is hard to disentangle the coincidence of circumstance and talent that produced George's rise to fame in the last quarter of the nineteenth century. Young Henry George quit his formal education at age 13 (George Jr. 1900, 10), but the schooling he did receive, together with his affinity for reading, travel, and observation, prepared him well to learn. By age 16 he had sailed to Australia and India as foremast boy on a merchant ship, noting (if not yet reflecting much upon) the living conditions in both countries (31-4). By 17 he was employed at a Philadelphia printing firm, engaged in setting type (45). By 18 he had worked his way aboard another vessel bound for San Francisco, traveling North from there in search of gold. He returned to California by age 19 to ply again the printing trade (83). Thus even before age 20 George had uncommon experience of the world, was curious and literate, and was engaged in work that had him reading news and spelling if not yet writing.

By 1861, George had saved enough money to buy an ownership share in a small San Francisco daily newspaper (George Jr. 1900, 110-111). The work of compiling copy for it fell partly on him, and his livelihood depended on it. He became a wordsmith, and a prolific one. He became, too, a man familiar with privation, as that venture and several others in the same line fared poorly. He was familiar even with desperation, as his wife and child depended on his income. His fortunes improved as the creative element of his writing grew. Beginning in 1866, he was first a reporter, then editorial writer, and then managing editor of the San Francisco *Times*. In the pages that newspaper and a succession of others he commented on political, social, and economic conditions.

There was much to comment on. The political coalition that had formed the Republican Party from the remnants of antebellum Whigs, Democrats, and sundry others, and that had animated the war effort, suffered defections with the war's end. The questions of secession and slavery had been settled; and while black enfranchisement was not settled so effectively, the Fourteenth Amendment notwithstanding, the weight of public attention shifted to other questions. George reassessed his support for the Republican Party and Grant, for whom he voted in 1868 (208). The party, if not the President, seemed to him now a vehicle for special interests not the workingman's interest. George's reassessment was not the majority view but it was commonplace, and not only among the more tepid erstwhile partisans (Unger 1968, 110-11). Republicans of various stripes, including some of the more ardent abolitionists, joined a great many Democrats in a reform movement taking up causes that were tangential, at best, to postbellum Republican priorities.

The impetus for reform came partly from the pressure on wages caused by the release of men from military service, and partly by successive waves of recession. Gross domestic product declined from 1865 to 1867, and again from 1869 to 1870, and yet again from 1873 to 1879 (NBER n.d.) – to name only

recession years between the Civil War and *Progress and Poverty*. The impetus came largely, too, from the belief that the workingman's plight was attributable to business combinations bolstered by government favors. Reformers inveighed against "monopoly" in its several manifestations. The protective tariff, by impeding foreign competition for domestic production, was understood by its opponents to be in this category. The impediment was large: in 1868 the tariff stood on average between 45% and 50%.¹ Of special concern in the West was rent-seeking and abuse of market power by the telegraphs and railroads. George had firsthand experience of it. His briefly successful venture to transmit news from an independent Philadelphia bureau to his San Francisco newspaper was quashed by the Associated Press, which wanted a monopoly of that business, in combination with the Western Union Company, which had a monopoly of its own of the telegraph lines upon which he relied. The venture was sunk (George Jr. 1900, 186).

Taking up work later at another paper, in Sacramento, George aligned himself with the Democratic governor of California in assailing the system of subsidies enjoyed by the Central Pacific Railroad. The railroad used the subsidies to purchase the influence to maintain them – going so far as to engage its friends to buy out the newspaper in which George published his anti-subsidy editorials. George's response, in 1870, was resignation from the paper followed by publication of a pamphlet that the governor saw fit to circulate for his campaign. "Railroad subsidies, like protective duties," said George, "are condemned by the economic principle that the development of industry should be left free to take its natural direction": their effects worked toward "lessening the comforts of the masses, stifling industry with taxation, monopolizing land and corrupting public service in all its branches ..." (ibid., 216-217). Here, arrayed succinctly nine years before *Progress and Poverty*, were the raw ingredients of George's reformism: appropriation of orthodox economic theory, up to a point; agreement with claim that "industry" should be unhindered by taxation; agreement, too, with the doctrine of free trade, but without especial concern about it; greater concern with "monopoly," particularly in land, and the corollary corruption of public institutions preserving monopoly rents; and ultimate concern with the wellbeing "of the masses."

George's talent was to mix these ingredients with unflagging industry and present them with intelligence and moral fervor. The field for exercise of such talent only widened in the 1870s as conditions worsened. The Panic of 1873 and the ensuing depression of five and a half years fomented labor unrest, strikes, and violence. The panic, which originated in railroad finance and radiated to railroad freight, rolling stock, iron, and labor, yielded in 1877 a labor uprising of unprecedented scale. The Great Uprising was a railroad strike involving tens of thousands of workers from the East Coast to the Midwest, destruction of railroad property by the strikers, and bloodshed by the federal troops and state militias that put them down (O'Donnell 2015, 36). Urbanization accelerated: between 1860 and

¹ The average tariff measured as total duties collected as a ratio of the value of dutiable imports was 48.7% in 1868; as a ratio of the value of total imports, 46.56%. U.S. Census Bureau, Historical Statistics of the United States.

1870 the urban population share had already risen from 20% to 25%. It continued apace, propelled by European immigration that increased inequality sharply among urban workers. The income share of the top 1% of U.S. earners began an accelerated ascent that lasted until the First World War (Lindert and Williamson 2016, ch. 5). All this was the ferment of *Progress and Poverty*.

George had already professed as early as 1871 that the puzzle of misery amidst societal progress – “the persistence of poverty amid advancing wealth,” as he put it later, in the introduction to *Progress and Poverty* – would be solved by investigating land and land policy (George Jr. 1900, 220; George [1879] 1942: 12). In the intervening years he had investigated it in detail. He started with Ricardian rent theory and from there made new advances.² Population growth, he determined, pushes out the extensive margin of cultivation, as Ricardo believed, with the postulated effects on rent. To wit, constant increments of labor and capital yield less produce on the lower-quality land that is brought under cultivation as population grows; lower yields on the marginal land raise rent on the inframarginal land. But George also saw “other causes which conspire to raise rent, but which seem to have been wholly or partially hidden by the erroneous views as to the functions of capital and genesis of wages which have been current” (George [1879] 1942, 228). He denied the proposition that population growth tended to hold real wages to subsistence level (Ricardo 1817, 90, 102, 107). Like the American protectionist writer Henry C. Carey, he extolled the power of association, holding that the concentration of people made them more productive (Carey 1847; cf. George [1879] 1942, 235-238). “[T]he efficiency of labor manifestly increases with the number of laborers,” averred George, so “the more laborers, other things being equal, the higher should wages be” (88). The trouble was that the efficiency gains from their concentration would be claimed mainly by the owners of the land upon which they concentrated.

Labor's wages depended on its productivity at the extensive margin, where rent was zero: competition in the labor market would cause the general level of wages to vary accordingly (213). It followed that whether wages rose, remained constant, or fell with population growth depended on whether the increased productivity of labor owing to its greater concentration on the inframarginal land exceeded, equaled, or was less than the diminished productivity of labor at the extensive margin owing to settlers pushing it outward (233-4). In any case rent on the inframarginal land would rise. The only question was by how much, and how little labor everywhere would gain. Supposing the opposing effects were exactly balanced, all of labor's productivity gains from population growth would be gobbled up by rentiers.

The upshot was that the material cause of rent was not land's productivity, it was people's collective productivity. Yet the institution of private property in land allowed some people to reap the benefits individually. Landowners cordoned off a resource that was the work of God, and with that putative right appropriated the work of others. “Rent, in short,” said George, “is the price of monopoly, arising from

² The treatment of *Progress and Poverty* in this and the following paragraphs borrows from and extends that of Meardon (2018).

the reduction to individual ownership of natural elements which human exertion can neither produce nor increase" (167).

Framing the problem that way pointed to the remedy. "We must substitute for the individual ownership of land a common ownership. Nothing else will go to the cause of the evil, in nothing else is there the slightest hope" (138). Which was not to say that land should be seized from those who held title to it. The remedy could be effected, indeed effected better, by sweeping tax reform. Rather than confiscating land, the state could confiscate rent by way of a 100% tax on the land's annual value (140). The landowner could keep the title, for whatever value it would hold for him – that of security of use, say, or sentimental attachment – but all value given to the land by the community would be appropriated by the community. At the same time, taxes on all other values that were the legitimate fruit of individual labor could be eliminated, preserving the fruits for the laborer (149). License taxes, imposts upon manufactures, duties on imports ... all these could be scrapped to the betterment of efficiency, morality, equality, and justice (155-6).

Having finished the comprehensive expression of his reform idea, George undertook to put it into practice.

3. Development of the Strategy

The trouble was that George's idea did not rank high on the public agenda. The agenda was changing, and not in a promising way for George. Former Speaker of the House and then-Senator James G. Blaine signaled what lay ahead when, in the presidential election year of 1880, he implored fellow Republicans to "fold away the bloody shirt." In the event, Blaine was denied the nomination and the bloody shirt wore well enough: Republicans regained the Senate majority they had lost in 1878, kept their House majority, and James Garfield won the presidency. But with the Civil War already fifteen years in the past, the strategy was nearly spent. "You want to shift the main issue to protection," Blaine argued (cited in Irwin 2017, 232). Not long after his failure to win the nomination, the shift that he proposed succeeded. But Blaine's success was George's obstacle.

Republicans scrambled to justify protective tariffs anew because one of their longstanding justifications was wearing thin. The Treasury had grown flush with revenue. By the estimation of erstwhile Commissioner of the Revenue David Wells, within four years the Treasury would have retired all the remaining debt payable at its option and be forced to purchase at a heavy premium what remained (Wells, 1881, p. 614). Wells's commission had ended in 1870 with his propounding the "true principles of tariff reform," which, as his thinking had evolved, implied deep and broad reductions. A little over a decade later, some reductions had already been implemented, particularly on goods not produced domestically: hence the "free breakfast table," referring to reduced tariffs on goods including coffee, tea, and sugar (Tarbell 1911, p. 63). The average tariff on all imports had thus fallen by half from its Civil-War heights. Even so, the breadth of the reductions was limited, and duties on imports competing with U.S. goods remained high. In 1881 the average tariff on *dutiable* imports was still upwards of 40%. Protectionists found the situation most satisfactory. Perhaps some similar method could be found that

would assuage once again the public desire for tariff reform without seriously compromising the protective system.

To find that method, President Arthur called for and the Republicans controlling Congress authorized a new commission (Stanwood 1903, p. 202). The objective was a "judicious tariff" without radical revision; the commissioners chosen to achieve it included, as chair, John L. Hayes of Massachusetts, Secretary of the National Association of Wool Manufacturers; joining him, an iron manufacturer, a wool grower, a sugar grower, an officer of the New York Customs House, and three former members of Congress from Ohio, Virginia, and Georgia, all with protectionist sympathies; and for balance a statistician from the Census Office who "had been at one time strongly inclined to free trade" (ibid., p. 204). To Wells, such a commission was but a "dodge to prevent any reconstruction or reduction of the existing tariff" (Wells, 1881, pp. 620, 622).

The commissioners began work in mid-July, 1882, and continued for two and a half months, taking testimony in twenty-five cities from Rochester to Minneapolis to Atlanta to Philadelphia (Hayes, 1882, pp. 2-3). In total they interviewed over six hundred witnesses, most of them manufacturers and businessmen who testified of the necessity of tariffs in their particular lines of work. Some witnesses did offer an opposing view, however. Among them was Yale professor and political economist William Graham Sumner, whose major works were not yet written but who had already declared his belligerency against "*protection* under any form or in any degree" (Sumner 1881, p. 242). He did not assail tariffs for revenue purposes only; of these he approved. But he denied any ambiguity or overlap between revenue tariffs and protective ones.

Sumner also disputed the argument heard lately from that protective tariffs benefitted labor. "I have noticed that in the discussions which have taken place before this Commission there has been a constant reiteration of some false doctrines of theoretical political economy about wages," he began (Hayes, 1882, p. 2313). The tariff, he insisted, is a tax, and while taxes may be necessary to pay for security and peace, they can never increase the total of goods produced because they discourage production by the most efficient producers of the most valued products. With a smaller value of goods produced by existing capital and labor, "until somebody invents an arithmetic according to which 10 will go into 70 more times than it will in 100, it is certain that smaller dividend will give a smaller share to each person" (ibid., pp. 2316-2317). Protection therefore lowers wages. The conclusion, he maintained, is mathematically demonstrable. It could not be escaped by "a thousand commissions, sitting for ten years, and actually engaging in a real study of the industries of this country," let alone by the commissioners facing him.

Wells's apprehensions about the commission proved to be at least partly misplaced, as was Sumner's slight of the commissioners. To the surprise of many, not least the industrial interests placing their hopes in the commission's report, the recommendations therein were distressingly liberal. The commission found that the wartime tariffs were indeed no longer needed as a stimulus to industry: general reductions of twenty percent on manufactured goods and twenty-five on all goods were in order. But once the report was issued and the time came to design legislation in view of it, even Hayes, the commission's chairman, retreated from the

liberalism of its recommendations (Tarbell 1911, p. 113). Divisions in Congress engendered further retreat, and a barrage of lobbying by import-competing interests – “closeted in every leisure hour with the representatives in Congress,” by one vivid account (ibid., pp. 131-132) – hastened it. The resulting law, which became known as the Mongrel Tariff of 1883, reduced slightly a few highly protected items (iron and steel, wool and woolens), increased some others (earthenware, glassware, and cotton goods), and reduced the entirety of customs revenue by a little under 10% (ibid., p. 131). It satisfied neither the import-competing interests clamoring for more protection nor the public appetite for reduced customs duties and revenue. What it did – together with a failed Democratic attempt at tariff reform in the next Congress, in early 1884– was prepare the ground for a presidential campaign in 1884 in which the candidates’ positions on the tariff were in the public eye with another revision in view.

Henry George’s own view was different. It extended well beyond tariff reform. In a pair of speeches in Brooklyn in early 1883, at the climactic moment of the Mongrel Tariff debate, George prophesied that the debate would be the pivot point for a reorientation of American politics, and priorities. At the Brooklyn Revenue Reform Club he sought to explain how the “spectacle in Congress” that was then playing out reflected the close of a great epoch in American politics. The generation previous to the presidential election of 1880 had been marked by engrossing concern with the slavery question. But the passions excited by that question had inevitably to subside. In the election’s aftermath protectionists had hastened the effect, focusing the public mind on economic questions – whether for the better or worse for them. And yet, he counseled, “don’t imagine [that the] agitation now beginning will end with more reform of the tariff.” The great economic question was, why is it so hard for the masses to make a living? How to get my daily bread? To that question all minor ones, including the tariff, ran. George considered himself a “free trader in [the term’s] full true meaning” – unlike most professed free traders (George Papers, Box 13, “Lecture Notes: Brooklyn Revenue Reform Club, Feb. 14, 1883”). If free trade was right, what ultimately did it involve? Tariff reform was only the beginning. The end involved addressing mightier issues.

The next month, at the Thomas Jefferson Club, he explained how they would be addressed. The explanation drew upon past writings including an address he had made, six years before, in California; the politics would be but a reversion to the historical norm of most of the past hundreds of years. Wherever political life had advanced beyond autocracy, there were two great permanent political parties: “the adherents to the House of Have and the adherents to the House of Want.” So it was, he continued, with the Right and Left of the French Assembly, Cavaliers and Roundheads of England under Charles I, Tories and Whigs under George III, and Federal and Anti-Federal parties of the post-Revolutionary United States. Alexander Hamilton and Thomas Jefferson were their respective leaders, actually and archetypically: the one representing centralized government, elaborate administration, the protective tariff, national banks, corporate privilege, and, on the whole, the money power; the other, States Rights, strict construction, simple government, free trade, and the power of the people. The Civil War had interrupted the norm. The Republican Party, which inherited the mantle of Hamilton, included

free traders whose purpose had been to extinguish slavery; the Democratic Party, of Jeffersonian lineage, included those who would preserve the privileges of slaveowners. But with the war ended and the question of chattel slavery settled, the two permanent political parties would rise again. "One of these great parties is here. Around the Republican party cluster all the great special interests. But the party that should oppose it – the party of popular rights and democratic ideas, where is it?" (George Papers, Box 13, *ibid.*)

What had been for George's purpose an obstacle now looked like an opportunity for political realignment. The outcome of the election of 1884 was immaterial. Expecting Blaine's victory over Democratic presidential candidate Grover Cleveland, and sketching out notes on the post-election scene for an audience in Great Britain, his destination that November, George wrote that "the campaign through which the country has just passed is evidently the last that can be fought on old lines" (George Papers, Box 13, "Post-Election Politics in America"). Blaine would win, he imagined wrongly, by putting away at last the bloody shirt and campaigning on protection to American labor. But closing the book on the Civil War ended the one narrative upon which all Republicans agreed. The Northwestern states that were Republican strongholds were also predominantly for free trade. A split was in the making. If it had not happened yet then it would pretty soon. Democrats, on the other hand, had adopted free trade for their platform, but more from tradition than from deep or widespread conviction. Indeed, George saw Southerners as having gone over to protection.

With party loyalties fraying and economic questions dominating the public discussion, the way to answers was "an appeal to popular intelligence instead of to sectional prejudices" (George Papers, Box 13, *ibid.*). In making the appeal, "political speakers and writers will hasten, if they are wise, to get some little smattering of political economy if they get no more." Thus given intelligent arguments, "the intelligence of the American people can be safely relied upon" to give politicians their marching orders for enactment of reform.

Upon reaching Great Britain, George found his expectation was wrong: Cleveland was elected President. His prognostication remained the same. In an article on "The American Election" for the London *Democrat*, George explained the coming realignment and its significance. The struggle over chattel slavery having ended, a new struggle would begin. Both major political parties would splinter over the tariff issue. Discussion of that issue, "involving, as it must, economic principles, will be of the greatest importance in the education of the people" (George 1884). Education would open their eyes to the *real* issue: "the monopolization of land, the concentration of wealth." A new political coalition would address it.

In effect Henry George had just sketched the rough outline for his next book, *Protection or Free Trade*. He had only to flesh it out.

4. The Argument

The book would be at once theoretical and practical, intellectual and polemical. It would complement his active politicking; it would hasten the splintering of existing parties and align the new coalition for "popular rights and democratic ideas."

George begins it with a compelling metaphor. The working masses suffering from poverty amidst progress, those whose plight he analyzed seven years earlier in his magnum opus, are now like a massive bull in a pasture, tethered to a stake that it has circled around so many times as to immobilize itself. The pasture's grass is close in view but out of reach. If the bull could understand its plight it would know the remedy. To get from hunger to abundance requires no more than going back around the stake in the right way. But which is that? If one way were protective tariffs and the other their abolition, then which should the bull choose?

The aim of the book is to guide the bull – or to teach it to guide itself. Consistent with the metaphor, the task entails traversing a lot of well-known argumentative ground. But George's manner of doing it, painstakingly and without missteps or reverses, gives hope of finding the way to freedom. Thus the reader is prepared for a recapitulation of numerous arguments for the right policy.

That policy, George announces early in the book, is free trade. Protection pretends to advance prosperity but is really “the plea of monarchy, of aristocracy, of special privilege of every kind” (p. 21). Even the pretense is incoherent, because it is unimaginable that protection could advance prosperity if it were applied generally (p. 29). The protective doctrine supposes, inconsistently, that impediments to trade between countries fosters prosperity, while impediments between sub-units of countries, like states, impedes it (p. 39). The doctrine teaches us “to do to ourselves in time of peace what enemies seek to do to us in time of war” (p. 47). Protection undoes the specialization and exchange that has allowed people to master the mechanical arts, subdue nature, and promote civilization (p. 51).

So reads about half the book. “To ascertain the effect of protective tariffs,” writes George, “we must inquire what they are and how they operate” (25), both economically and politically. The text to that end flows in familiar channels, albeit with rhetorical ripples that are distinctively George's. If the purpose of encouraging domestic industry is to be adopted, then tariffs are the most harmful method because by impeding imports they engender scarcity (89). Subsidies would be better. Where tariffs are preferred it is because their operation is more opaque, so the harm to the many and the benefits to the few can be more surely maintained. Such is the true rationale of protective tariffs. It “resembles the theoretical protectionist's idea of what a protective tariff should be about as closely as a bucketful of paint thrown against a wall resembles the fresco of a Raphael” (92).

George entertains the “infant industry” argument for protection – determining that in most instances the argument is risible. Concerning the “infants” of a century before, “though they have grown mightily they claim the benefits of the ‘Baby Act’ all the more lustily” (98). Anyway, suppose that protectionists like the follower of Carey, Robert Ellis Thompson of the University of Pennsylvania, were right; suppose that after only two more generations of sustained protection the infants would thrive unaided. “When we are told that two generations should tax themselves to establish an industry for the third, well may we ask, ‘What has posterity ever done for us?’” (98)

George entertains the “home market” argument for protection – determining that it is notionally “as absurd as it would be to attempt to make a man prosperous by preventing him from buying from other men” (105). Reserving the home market

for home producers deprives us all of better opportunities for satisfying our wants. "Economically, what difference is there between restricting the importation of iron to benefit iron-producers and restricting sanitary improvements to benefit undertakers?" (105)

He entertains the "favorable-balance-of-trade" argument for protection – finding the notion that the way to increase a country's wealth is to promote the sending of valued things away, not to bring them in, is "repugnant to reason." Consider Robinson Crusoe alone on his island, offers George, and then imagine him visited by an American protectionist. The latter hears Crusoe's story, tells him of the world's news and remarkable changes, and finally prepares to depart. The protectionist leaves the outcast with a warning: passing ships will find him now; he should prepare for the "deluge of cheap goods" produced abroad; "unless you make it hard to land them I do not see how you will be able to employ your own industry at all." To which Crusoe might reply, "That will suit me completely. ..." (114)

But if the book were no more than a conventional, if uncommonly expressive, articulation of free-trade doctrine, then George would not have bothered to write it. The other half qualifies all of the foregoing. Under prevailing circumstances, he adds, there is cause for the anxiety people feel about an imbalance of trade. After all, "all exporting and importing are not the exchanging of products" (117): where imports of products exceed exports, the difference is reflected by people in the importing country either selling, in net, their assets to foreigners or receiving, in net, income from their holdings of foreign assets. In the United States at the time the position happened to be the reverse. As of 1885 the country had had an export surplus for a decade; in that particular year the difference between exports and imports was upwards of 11% of the sum (U.S. Bureau of the Census 1970, series 213, 219). To explain it George relates an anecdote of two young people he met on a transatlantic voyage, Englishmen drinking champagne and telling him of their appreciation of America. "It was a good country to have an estate in. The land laws were very good, and if a tenant did not pay promptly you could get rid of him without long formality. But they preferred to live in England, and were going back to enjoy their income there ..." (119). Thus Iowa farms exported much of their crop without products received currently in return.

The "drain of wealth" illustrated by that anecdote, says George, is indeed cause for anxiety. But it "proceeds from a deeper cause than any tariff can touch, and is but part of a general drift" (121). By now the reader gets the drift. The English absentee landowners could just as well be, and more often than not are, from the Eastern cities of the United States. The anxiety of the public is misattributed to the balance of trade. It is attributable really to the simple observation that so long as Western land owned by Easterners increases in value, Westerners have to send ever more of their produce eastward. The Westerner "may work hard, but grow relatively poorer"; the Easterner "may not work at all, but grow relatively richer" (121). The trend is toward ownership of all of the land by city people, and in the final accounting the country people have no reason to care whether their landlords are in cities as far east as New York and Boston or farther east in Europe. The trouble lies not in international trade but in "the most

fundamental of our social adjustments, that which makes land private property" (121).

As with the "favorable-balance-of-trade" argument, so too with the "pauper labor" argument. The protectionist commonly holds that the high wages of U.S. labor are threatened insofar as the competing products of cheap foreign labor are imported. Cheaper labor implies a lower cost of production; lower cost implies lower price; consumer prefer products with a lower price to those with a higher price, so they will cease to buy the domestic product so long as the domestic worker gets his high wages. To this George answers, as one would expect, "the truth is, that a low rate of wages does not mean a low cost of production, but the reverse" (p. 138). Less expected is where George puts the onus of the fallacy. Protectionists are not ultimately to blame for it. Why should we suppose they are when we see free traders availing themselves of it too? "Witness the predictions of free-trade economists that trades-unions, if successful in raising wages and shortening hours, would destroy England's ability to sell her goods to other nations, and the similar objections by so-called free traders to similar movements on the part of working-men in the United States" (p. 140).

The general rate of wages, as George explained in *Progress and Poverty* and now repeats, "is determined by the rate in the occupations which require least special skill, and to which the man who has nothing but his labor can most easily resort" (211). In the United States such occupations have traditionally been agricultural (213): the unskilled man in the city can alternatively strike out and make his living on the land – insofar and in whatsoever quality as land is available. But how far and in what quality is that? The motive of appropriating the returns of land leads to the speculative enclosure of land by some and the diminution of opportunities for all others. Back to Crusoe: in Defoe's account of his "Further Adventures," when the hero is absent, three English rogues lay claim to ownership of the island and demand rent from the inhabitants. In Defoe's telling, their presumption is met with laughter. But what if the rogues had a monopoly of force to back their claim to monopoly of land? "Thus a class of landowners and a class of non-landowners would have been established, to which arrangement the whole population might in a few generations have become so habituated as to think it the natural order" (263). To George this is an apt description of the current arrangement of the United States. The non-landowners toil at the pleasure of the landowners.

What has this to do with protection or free trade as commonly understood? Not much, says George, and that is the point. The non-landowners may be called "free." They may be called upon to choose between policies of protection or free trade that dominate the public discussion – on the grounds that one policy is pernicious and tends to diminish the general wealth, while the other is beneficent and tends to augment it, and if they choose well they will benefit accordingly. It is true that the policies have those different tendencies: George explains at length which does which. But the point is that, under prevailing circumstances, by choosing the "right" policy laborers will *not* benefit accordingly. It follows that if they are befuddled by the public discussion at it currently goes, if they cannot decide between the claims of the protectionists of the free traders, that is perfectly

understandable. The befuddlement is because the fundamental claim of both sides is wrong.

George emphasizes the point with reference by George to William Graham Sumner and his testimony to the Tariff Commission of 1882. The protectionist fallacies that Sumner raves against "arise from the recognition of actual facts." The reader will recall Sumner's argument that tariff protection, as distinguished from a tariff for revenue purposes, decreases the aggregate wealth, therefore protection decreases wages. The argument supposes a direct relationship between aggregate wealth and wages. Under the circumstances, counters George, the supposition is wrong. "To attempt, as do 'free traders' of Professor Sumner's class, to eradicate protectionist ideas while ignoring these facts, is utterly hopeless" (251).

George's putting "free traders" in scare quotes represents as well as any word or phrase the contribution of the book. The free traders have got their political economy wrong. Their error is different from, but no less than, the protectionists'. "A political economy that will recognize no deeper social wrong than the framing of tariffs on a protective instead of on a revenue basis, and that, with such trivial exceptions, is but a justification of 'things as they are,' is repellent to the instincts of the masses" (251).

The solution is not only to renounce protectionism; it is to do the same for free trade, as that doctrine is commonly understood. *True* free trade, says George, is the promise of his one big reform, in senses both narrow and broad. Narrowly, "revenue tariffs," indeed all indirect taxation, should be supplanted by the single tax on the annual value of land. Broadly, absent either taxes on the fruits of one's efforts or their appropriation via rent, everyone may be free to enjoy or trade them without coercion (289).

5. Conclusion

Henry George's campaign for Mayor of New York City in 1886 was the first manifestation of the political program that his new book justified. The Central Labor Union of New York, established in 1882 on principles partly Georgist – "the land of every country is the common inheritance of the people" (cited in O'Donnell 2015, 120) – established in turn a political party, the United Labor Party. The ULP aimed expressly to transcend the programs of both the Democratic and Republican Parties, "to form a political party opposed to monopoly in all its forms" and thereby to emancipate labor (cited in O'Donnell 2015, 138). In August, 1886, the ULP asked George to accept their nomination for the mayorship.

George was not of the ULP, but he knew it well and was well known to its members. They knew him variously from *Progress and Poverty*, his participation for the previous five years in the Land League, labor workshops, and George's own speeches (O'Donnell 2015, 107-108, 203). The nomination was widely supported by the party but its acceptance by George was not a forgone conclusion. If the campaign fared poorly it would not only fail to advance his program but could even set it back.

In the event, he accepted the nomination conditional upon a demonstration of support by signature of thirty thousand citizens. The condition was met. George's acceptance letter sets out what, given the condition, he planned to do:

The time has now arrived when the old party lines have lost their meaning, and old party cries their power, and when men are ready to turn from quarrels of the past to grapple with the questions of the present. The party that shall do for the question of industrial slavery what the Republican party did for the question of chattel slavery must, by whatever name it shall be known, be a working-man's party — a party that shall reassert the principles of Thomas Jefferson in their application to the questions of the present day, and be Democratic in aim as well as in name. (George to James P. Archibald, Esq., Secretary, Conference Labor Associations, August 26, 1886; cited in Post and Leubuscher [1886] 2014, 11)

The plan was identical to the strategy of triangulation vis-à-vis the Republican and Democratic Parties, and between *protection* or *free trade*, which inspired the book bearing that title.

George's ultimate objective, the remediation of systematic inequality between workers and their masters, and the moment of his proposed remedy, at the pre-dawn of the Progressive Era, present a superficial invitation to read *Protection or Free Trade* as a proto-Progressive text. The treatment given here suggests a different reading. George's intent was popular education and mass political mobilization; his aim was remediation by way of sweeping legislation, not by the fine-tuning of government administrators acting upon the advice of higher experts. *Protection or Free Trade* is the coda of a historical chapter in which political economy and political circumstances pointed momentarily to a peculiar answer to the "labor question." The chapter presents a contrast with chronicles of the years that followed.

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