



## **Georgists and Chicago's Growth, 1890-1930**

By Dr. Mason Gaffney

This article was first published in *GroundSwell*, a publication from Common Ground, USA. The Robert Schalkenbach Foundation has received approval from Common Ground, USA to republish this article at no cost for educational purposes.

Article citation:

Gaffney, Mason. "Georgists and Chicago's Growth, 1890-1930." *GroundSwell*, May 2006, pp. 9–10.

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# INSIGHTS

## GEORGISTS AND CHICAGO'S GROWTH, 1890-1930

by Mason Gaffney, Riverside, CA

The U.S. Census of Population tells us that a few cities grew much faster than others from 1890-1930, a time of general urbanization. Most of these cities had Georgist-oriented administrations during their periods of fastest growth. Some of these are New York City (Governor Al Smith and Assessment Commissioner Lawson Purdy), Cleveland (Mayors Tom Johnson and Newton Baker), Detroit (Mayor and soon Governor Hazen Pingree, and later Mayor James Couzens), Toledo (Mayors Samuel Jones and Brand Whitlock), Milwaukee (Victor Berger and Mayor Daniel Hoan), Vancouver (8-time Mayor Louis Denison "Single-tax" Taylor), San Francisco (Mayor Edward Robeson Taylor), Houston (Assessor J.J. Pastoriza), San Diego (Assessor Harris Moody), Edmonton, many smaller cities, and doubtless other big cities yet to be researched, that chose to tax buildings less and land more. It was the Golden Age of American cities when they grew like fury, and also with grace: "The City Beautiful" was the motif, expressed in parks and expositions like Chicago's Columbian Exposition, 1892, and San Francisco's Panama-Pacific Exposition, 1915.

Chicago grew by 54%, 1890-1900. This is inflated by annexations (Hoyt, p.153), but is still a notable spurt, even in that decade of urban growth elsewhere. Chicago did not just spread out, it pioneered the skyscraper, and centralized its transit system as few other cities ever have. Surrounded by boundless prairies, it became a model of the centralized city, with the highest land values in the USA in its central "Loop".

From 1900-30 it continued to grow at higher percentage rates than most other cities, and much higher absolute rates, reinforcing its status as America's second largest city.

Owing to its perpetual drainage problem, Chicago faced higher property tax rates than other cities (Ginger, p.24). The structure of the property tax, important everywhere, was therefore even more so in Chicago. High tax rates on buildings could have stopped its growth and renewal, but many signs point to a single-tax trend in Chicago during this period.

Who was Chicago's Tom Johnson? It was not one person, but a large and shifting group. Chicago lawyer John Peter Altgeld, humanitarian and reformer, was Governor of Illinois, 1892-96. His administration contained several single-taxers, including young Brand Whitlock, future Mayor of Toledo, whom Altgeld inspired (Bremner, pp.57-58). Altgeld directly corresponded and worked with Henry George, and, according to Whitlock, "understood" George's ideas like few others (Barker, pp. 594, 607, 609).

In Chicago, unlike Detroit, rails paid property taxes. A tribute came from the rival State of Michigan. "... -- if there could be an illustration stronger than any other of prosperity built upon proper rules -- that example is Chicago." (Dickinson, 1891).

In 1892 Chicago won in *Illinois Central R.R. v. Illinois* (146 U.S. 387), still considered a leading and watershed decision, invoking the "public trust doctrine" to revoke the corporation's claim to lands that now comprise Chicago's lake front park system. One battler for this cause was lawyer Alexander Stuart Bradley, later the (reluctant) father-in-law of Thorstein Veblen. This legal victory

was nicely synchronized with its Columbian Exposition, an impressive display of civic spirit, new architecture, and a springboard for the career of Daniel Burnham, Chicago planner.

It was under Governor Altgeld that the Illinois Bureau of Labor Statistics, under George Schilling, published its famous 8th Biennial Report, 1894, including comprehensive Lorenz-Curve data on the concentration of landownership in what is now The Loop of Chicago. Schilling engaged Louis F. Post, leading Chicago Georgist and editor/publisher of *The Public*, to research the Report (Barnard, p.382). There is no comparable study, to my knowledge, of another American city. Such Georgism in Springfield had its effect locally in Chicago. Schilling was a Chicago labor leader who helped elect Altgeld. The current cohort of economists at the University of Chicago take on faith that unions obstruct economic growth, but one could not illustrate it from the City of Chicago, a major center of union activity during its period of rapid growth. These unions supported Altgeld, and Georgist ideas.

Rather, Chicago was a national center of anti-monopoly and single-tax thought and activity in this age of Mayor Edward F. Dunne, John Peter Altgeld, Ida Tarbell (*History of Standard Oil*), Henry Demarest Lloyd (*Wealth against Commonwealth*), Clarence Darrow (Georgist City Councilman, noted defense attorney and humanitarian), Edgar Lee Masters (Altgeld's law partner and author of *Spoon River Anthology*), Jane Addams (founder and head of Hull House, a leading settlement house, later a Nobel Laureate), Julia Lathrop (founder of the Children's Bureau, U.S. Department of Labor, where she, a Taft appointee, soon collaborated with Louis F. Post, Ass't. Sec. of Labor under Wilson), Louis Sullivan and Frank Lloyd Wright (pioneer creative architects), Daniel Burnham (outstanding city and park planner), Alexander Stuart Bradley, Kenesaw Mountain Landis (future baseball commissioner who cleaned up the sport after the "Black Sox" scandal), Gutzon Borglum (sculptor of J.P. Altgeld in Chicago and Mt. Rushmore in SD), Eugene Field (lawyer and poet), John Dewey (educational philosopher), Margaret Haley (union leader and gadfly of assessments), Thorstein Veblen (pioneer critic of the mores of greed), Edward Bemis (expert on utility and transit rates, representing consumers), Louis F. Post and his Georgist journal (*The Public*), Gene Debs (labor leader and Socialist candidate for President), Emil Jorgensen (prolix but effective exposé of R.T. Ely), Warren Worth Bailey (later Georgist editor in Johnstown, PA, and then Congressman who led in framing the pioneering income tax act of 1916), Vachel Lindsay (poet who idolized Altgeld), Carl Sandburg (liberal poet), Florence Kelley (outstanding social worker), George C. Olcott (publisher of annual land values blue book), et al. Two or more generations of Midwesterners fleeing from small town Babbitts flocked to Chicago.

Chicago in the 1890s pioneered the skyscraper. Such substitution of capital for land suggests a de facto policy of targeting property tax assessments (cont'd on pg. 10)

## GEORGISTS AND CHICAGO'S GROWTH (from p. 9)

more on land, less on buildings. Chicago became the nation's school of architects. Many, like Louis Sullivan and Frank Lloyd Wright, favored downtaxing buildings, if only from self-interest. At the same time, Chicago did not develop its highly centralized mass transit system without taxing real estate to permit of low fares, as did Tom Johnson in Cleveland. Indeed, Mayor Edward F. Dunne sought guidance specifically from Tom Johnson, and from his Assessor, W.A. Somers. A city that taxes real estate without overtaxing buildings must be taxing land values; Somers specialized in that aspect of assessing.

Chicago's consciousness of land values is shown by its being the only city to have anything like George C. Olcott's annual Blue Book of Land Values. Olcott used Somers' methods to appraise a whole city, and later a whole county, every year, using only a very small staff (including modest Robert King, long-time supporter of the Henry George School in Chicago). Olcott also supported the Chicago Single Tax Club, and wrote "Chicago's Amazing Growth" for Land and Freedom, an activist Georgist journal based in New York. Chicago inspired and supplied data for Homer Hoyt's classic One Hundred Years of Land Values in Chicago -- many of Hoyt's values being credited to Olcott's annual Blue Book. Chicagoan Frederick M. Babcock's classic Valuation of Real Estate shows Somers' influence, separating land from building values.

Mayor Dunne brought in Tom Johnson's Cleveland assessor, W.A. Somers, to coach Chicago assessors on using the important "building-residual" method of separating the value of land and buildings. Somers also worked with Lawson Purdy to apply this method in New York.

What Lawson Purdy was for New York, Margaret Haley was for Chicago. Haley was not an assessor. She was the head of The Chicago Teachers' Federation, an independent union. She was a constant and effective gadfly and battler for honest assessments. She correctly saw them as a more attainable means of raising revenues than trying to adjust the nominal tax rates. An avowed Georgist, she also saw them as a means of shifting the burden off buildings onto land. The baleful influence of Richard T. Ely came to bear in 1927 when his employee, Herbert D. Simpson, published Tax Racket and Reform in Chicago, denying that Loop lands were under-assessed. Meantime, Margaret Haley's prompting had achieved good results raising land assessments, and lease rates on grant lands owned by the Chicago School Board in downtown Chicago.

John Peter Altgeld lost as Governor after pardoning three of the Haymarket Riot "anarchists" for having been unfairly tried. Unbowed by the hysteria, he returned to Chicago after 1896 and became active in both national and Chicago city politics. The 1896 Chicago Platform of the national Democratic Party was an Altgeld platform with strong populist and labor elements, repudiating conservative Grover Cleveland, fusing the silver issue with social issues. Ray Ginger believes Altgeld might have been nominated for President, except for his foreign birth. The power elite saw Bryan as a harmless child, and Altgeld as the brains. Altgeld also supported Henry George for Mayor of New York, 1897 (Barnard, pp. 418-20).

Altgeld died in 1902; Lloyd in 1903. Mayor Edward F. Dunne, an old Altgeld ally, took over the leadership in Chicago. He was Mayor, 1905-07, and later Governor of Illinois. "... as Mayor he functioned as the disciple of Cleveland's Mayor Tom L. Johnson, who had earlier counted Mayor Hazen Pingree of Detroit as his mentor ..." (Morton, p. ix). Dunne appointed Louis F. Post to the School Board, and supported Post above all others. Post's news organ, The Public, was subsidized in turn by Georgist angels Tom Johnson, John Moody, and Joseph Fels. Besides Post, Dunne's allies included Clarence Darrow, Jane Addams, Judge Murray Tuley, Raymond Robins, many union leaders, liberal judges, some middle-class activists, and others.

"... they were very conscious of being part of a national movement, and they were in close contact with Cleveland's Mayor Tom L. Johnson, Toledo's Mayor Samuel M. Jones, and others." (Morton, p.8)

It has been alleged that Lloyd clashed with Henry George as being too pushy. Perhaps, but Eugene Staley calls Lloyd "the prominent single-taxer" (Staley, p.118). Ray Ginger refers to Lloyd as a "single-taxer", and when Lloyd died in 1903, four Georgists shared the memorial service: Clarence Darrow, Edward Dunne, Cleveland Mayor Tom Johnson, and Toledo Mayor Samuel Jones (Morton, p12).

Other Dunne supporters in 1905 included Wm. Jennings Bryan, Wm. Randolph Hearst, and Joseph Medill Patterson. Each did so for his own reasons: self-promotion for Hearst, politics for Bryan, family rebellion for Patterson. Dunne was, at any rate, a national figure in his times.

Later Mayor William Dever, 1923-27, was Dunne's protégé. His biographer touts him as "the mayor who cleaned up Chicago". Even the corrupt William Thompson, Dever's predecessor, nemesis, and successor, was growth-oriented and "open to suggestion." Dunne, however, reports that assessments became corrupt after 1927. This is about when Ely's man Simpson published his "tax racket" whitewash, and Chicago's growth rate finally fell behind New York's.

Dunne was active through 40 years. Before being Mayor, 1905-07, he was an elected Circuit Judge of Cook County since 1892. After being Mayor he became Governor, 1913-17. He was still active in national Democratic politics at the Convention of 1932. Then, however, the single-tax linkage failed to join him in common cause with Al Smith and Newton Baker, both considered presidential timber. Unlike Altgeld in 1896 and 1900 they did not cross the bridge from local to national unity. Georgism has been the poorer for it ever since.

There is no one individual or organization that symbolizes single-tax in Chicago. There was rather a large group of like-minded people, obstreperously individualistic, loosely linked, many of them famous in other ways, pushing for cheaper mass transit and better schools and social work and higher taxes on land over a long period. The evidence of population growth tells us they got results, 1890-1930. After that the Kelly-Nash machine took power, and Chicago stopped growing. Yes, it was the depression and most cities stopped growing -- except New York City and California cities, where Georgists remained active for another 20 years.

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