

Georgist Thought and the Emergence of Municipal Socialism in Britain, 1870-1914

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Introduction

Examination of connections between municipal socialism and the debate over Henry George's thought at the turn of the twentieth century clarifies George's impact on social reform in Britain and highlights unresolved tensions between his own beliefs and those of British socialists. Municipal socialism was the provision of utility services, transportation, housing, and sometimes even recreation and leisure by local governments seeking to tackle social problems and provide public services where private ones were inadequate. George's ideas regarding the taxation of the unimproved value in land, promulgated during his trips to Britain in the 1880s, became critical to those who sought to find a just and equitable means of financing municipal endeavors. The discomfort with which many of these same municipal socialists later regarded his work, however, reveals much about the strengths and weaknesses of 'Georgist' thought when applied to practical issues of finance and governance in Britain in the late nineteenth century.

Tensions between George's thought and municipal socialism came in two important areas. First, George remained convinced that the benefits of a tax on land would remove the necessity of enacting taxes on the accumulation of capital. Many municipal socialists (and socialists as a whole) disagreed and thus never embraced the tax on land as a 'single tax.' Second, George failed to clarify how a government which sought to use the proceeds of a land tax to eliminate poverty and establish services not offered by the private sector, could remain a limited affair and thus avoid the endemic corruption which he witnessed in his own time. Most socialists believed that the risks of larger government would be minimal when placed in the hands of a democratically-chosen administration and thus found George's resistance to interference with private capital a stumbling block. George's moral and economic arguments were to have an important effect in shaping discourse over the emergence of municipal socialism in the late nineteenth and early twentieth centuries. Nonetheless, this impact was circumscribed by socialist thinkers who rejected the notion of a tax on land as comprehensive.

The emergence of municipal socialism coincided with Henry George's early struggle to grapple with the dysfunctions of the American economy of the 1870s -- in particular, the generation of vast fortunes despite the persistence of poverty and unemployment. George was born in Philadelphia in 1839 and left school at the age of 14. After spending time at sea and attempting to seek his fortune in gold in Canada, he settled down to learn the newspaper trade in California. As a journalist, he witnessed the effects of the capitalist boom-and-bust cycle and traced much of economic failure to the persistence of monopoly in land. The taxing away of the economic rent in land in which a landowner had not invested his own labor, would provide a reservoir of money for governmental responsibilities and eliminate the need for other debilitating taxes on capital, George believed. His solution derived from his passion to secure a morally and economically just world in which the forces of labor and production would be put to their greatest use. He refined his economic ideas while working as a journalist and in 1879 published his most famous work, *Progress and Poverty*. The work argued that rent swallowed up gains in

production, leaving wages and interest depressed. The taxing away of economic rent in land would end the benefits that accrued to those who maintained the monopoly of land and open the door to economic prosperity for those who labored. George's model for the wholesale transfer of taxation to the economic rent generated by land was fortuitous for those municipal socialists in Britain seeking to provide a just and efficient means of financing collective endeavor.

'Georgist' Thought and the United Kingdom

The publication of *Progress and Poverty* had a profound effect in the British Isles. Land remained largely under the control of aristocratic landowners who offered long term leases for both rural and urban tracts, the occupiers of which were responsible for a majority of the taxes or 'rates.' Tenants in Ireland, Scotland, and England had long been victims of 'enclosure' efforts, whereby landowners could usurp long-held rental agreements to take control of land in the interests of more efficient agriculture or the replacement of agriculture with grazing. Tensions had become particularly acute in Ireland, where the population had doubled from four million to eight million between 1780 and 1840. In the late 1840s, the island was devastated by a blight that destroyed successive potato crops, caused the eviction of thousands of Irish peasants, and forced peasants to turn to the Poor Law or other meager charities for assistance. The rapidity with which many British landlords forced out tenants who could no longer pay their rents helped to fire agitation for land reform and eventually girded the movement for Irish self-rule, or 'home rule'. In Scotland, the clearance of 'crofters' from the Highlands set tenant against landlord and raised the question of individual property rights versus those of long-term tenants within England, itself. Moreover, the rise in the unearned increment of land values near fast-growing British cities led to accusations that the holdings of ground landlords stymied efforts to relieve overcrowding in cities.¹

Concentration of land ownership and the accumulation of rental income by a small class of wealthy owners naturally aroused George's interest in the United Kingdom. In 1881, he published a short book entitled *The Irish Land Question, What It Involves and How Alone It can be Settled* in an effort to gain support for the Irish Land League.² His ideas were distinct from those of Charles Stewart Parnell, the leading Irish 'home rule' advocate and Member of Parliament. While George argued for a complete confiscation of the rental income of large landowners (and a return of that value to the community), Parnell simply favored a re-division of the land into small holdings.³ George's book emphasized the precepts already set forth in *Progress and Poverty*, and thus did much to spread his core ideas and increase the sales of the larger work. *Progress and Poverty* and *The Irish Land Question* were often reviewed together in the British press. Consequently, debate regarding the steadily rising incomes of ground

¹ The term 'ground landlords' was (and still is) often used in the British context to distinguish those who were the ultimate owners of the land on which a building was situated, from those who might be intermediate long-term lessees.

² The Land League was an Irish organization founded in 1879 by Michael Davitt that worked for reform of the country's landholding laws. Its president was Parnell. *The Irish Land Question* was focused upon showing how the essential conditions of landlord and tenant were repeated amongst other western nations, and in later editions was re-titled simple *The Land Question...*. See Henry George, *The Land Question, What it Involves, and How Alone it Can be Settled* (New York: Doubleday Page and Co., 1906).

³ Henry George, *The Land Question: What it Involves, and How Alone it Can be Settled* (New York: Doubleday Page & Company, 1906), 52.

landlords was popularized in both Britain and Ireland. While the *Contemporary Review* published a favorable critique of *Progress and Poverty* by the Belgian academic and socialist Emile de Laveleye, the *Quarterly Review* condemned the seriousness with which his ideas were being taken by the artisan classes of England.⁴ The degree to which *Progress and Poverty* might unite the ill-educated meant that the book ought to be taken seriously by all, the author of the *Quarterly Review* article argued.⁵ George had gained notoriety after his involvement in the Irish land agitation led to his arrest and brief imprisonment. Thereafter, the review *The Times* gave of *Progress and Poverty* offered a thorough analysis, noting that readers would find within its pages “much to ponder with care and much that is highly suggestive.” In its editorial comment, however, the paper failed to endorse his ideas.⁶

George traveled to Ireland and England for the first time in October of 1881 as a correspondent for the New York paper the *Irish World*. The British prime minister William E. Gladstone’s ameliorative Irish Land Act of 1881 had failed to solve the dilemma of violence in Ireland. In sympathy for the plight of the Irish under British governance, George wrote that, “This is the most damnable government that exists to-day outside of Russia...”⁷ George continued his travels around Ireland and reported on the miserable conditions which he saw. He remarked, though, that the Irish nationalist movement as yet seemed unsure in which direction it was going. During his first trip to the British Isles George also established relations with a host of prominent intellectuals who were, despite their agreement or disagreement with his proposals, inspired by his call for the taxation of land values. He met and spent time with the Marxist Henry Hyndman, though very early on their ideas diverged because of George’s continuing defense of capitalist enterprise. Later, George also met Joseph Chamberlain, who by 1882 had parlayed his credentials as a radical Liberal (founded on local government reform and the municipal supervision of gas and water utilities) into parliamentary and governmental political power. The two agreed on much, and Chamberlain would later become an outspoken proponent of the taxation of land values in the mid-1880s – a position significantly tempered in his later years, however.

George’s reputation as a speaker and writer for Irish affairs and for the land nationalization movement in Britain continued to grow. He joined forces with the Land Nationalisation Society headed by Alfred Russel Wallace and wrote an article on Ireland for the *Fortnightly Review*, which was published just after the Phoenix Park murders.⁸ George set off

⁴ Emile de Laveleye, much like George, found contemporary economic injustice rooted largely in the private ownership of land. His work sought to provide an historical assessment of the communal ownership of land through the centuries.

⁵ *Quarterly Review*, CLV (1883), 37; cited in Edward J. Rose, *Henry George* (New York: Twayne Publishers, 1968), 86-87.

⁶ Edward J. Rose, *Henry George* (New York: Twayne Publishers, 1968), 87.

⁷ Letter to Patrick Ford, Letters, 1881-82, Henry George Collection. Cited in Edward J. Rose, *Henry George* (New York: Twayne Publishers, Inc., 1968), 98. While in jail in the fall of 1881, Parnell and his associates had composed their ‘No Rent Manifesto.’ It included the following, “Fellow-countrymen, the hour to try your souls and to redeem your pledges has arrived. The Executive of the National Land League, forced to abandon the policy of testing the Land Act, feels bound to advise he tenant farmers of Ireland...to pay no rents under any circumstances to their landlords until the Government relinquishes the existing system of terrorism and restores the constitutional rights of the people...You have to choose...between the Land for the Landlords and the Land for the People.” Charles Albro Barker, *Henry George* (New York: Oxford University Press, 1955), 345-346.

⁸ ‘The Phoenix Park murders’ were the May 6, 1882 assassination of the British Chief Secretary for Ireland Lord Frederick Cavendish and his under secretary by an Irish extremist group known as the ‘Invincibles.’ The murders

on a tour of western Ireland where he and his companion James Leigh Joynes were arrested and detained briefly as “suspicious persons.” The event made the international news and George eventually received an apology from the British Foreign Office. As George closed out his first trip to the British Isles, he spoke to a meeting of the Land Nationalisation Society in London at which none other than the famous playwright and later Fabian social reformer George Bernard Shaw was present. Shaw was enthused as he heard George speak and stimulated by the elegance of George’s solution to the social problems with which Shaw, himself, was struggling. Shaw remarked that as a result of hearing George he began an intensive program of economic study and soon became a socialist. His experience was repeated among many of those beginning to grapple with issues of both rural and urban social reform in Britain, and as he remarked, “When I was thus swept into the great Socialist revival of 1883, I found that five-sixths of those who were swept in with me had been converted by Henry George.”⁹

On the heels of the publication of his work *Social Problems*, George returned to Britain for a widely lauded, and derided, speaking tour. Scotland proved the most receptive to his calls for reform and his presence led to the founding of the Scottish Land Restoration League, an organization that was soon followed by the English Land Restoration League. The tour ended early in 1884, but George once again returned in November of the same year to fulfill a number of speaking engagements in Scotland. The press followed his tours closely and the *Nineteenth Century* printed his article, “The Reduction to Iniquity” that came in response to the Duke of Argyll’s recent critique, “The Prophet of San Francisco.”¹⁰ The Duke offered an able critique in defense of landlordism that argued landlords had done much to improve land and to create capital. George, however, attacked the privileges of landownership as confined to an elite class and pointed to the decrepit conditions existing among much of the Scottish peasantry. His arguments reiterated his opposition to monopoly in land and were a pronouncement against the propertied classes in Britain which were then lining up to oppose him.

The Irish Land Act of 1881 seemed to threaten far more to the propertied classes of the United Kingdom than a simple reform of the rights of tenancy in Ireland. The three provisions of the Act: fair rent, fixity of tenure, and free sale undermined what many landowners believed to be their traditional and inalienable right to dispose of property as they saw fit. The Act now offered protection to tenants and allowed aggrieved parties to seek changes in their leases in court. In the wake of the interest in land reform spread by *Progress and Poverty* and *The Irish Land Question*, landed proprietors, and indeed many business owners who scented socialist confiscation, rushed to reaffirm traditional rights in property. The Liberty and Property Defence League was formed in 1882 by political ideologues, both Conservative and some Liberal, who believed that the foundations of individualism were under assault. Members took their inspiration from Herbert Spencer, who in the early 1880s had noted his worry about the direction of the Liberal Party.¹¹ They focused their efforts on maintaining parliamentary opposition to the

occurred just after the release of Parnell from the Kilmainham jail in Dublin where he had been confined for advocating resistance to the 1881 Irish Land Act.

⁹ George Bernard Shaw, *Sixteen Self-Sketches* (London: 1949), 58, cited in Peter d’A. Jones, “Henry George and British Socialism” in *Henry George (1839-1897)*, ed. Mark Blaug (Aldershot, Hants.: Edward Elgar, 1992), 360.

¹⁰ The Duke of Argyll, “The Prophet of San Francisco,” *Nineteenth Century* 15 (April 1884); and Henry George, “The ‘Reduction to Iniquity,’” *Nineteenth Century* 16 (July 1884).

¹¹ It is important to note that Spencer’s early call for equal rights in land helped to motivate the Land Nationalisation Society. However, Spencer later modified his view on the ownership of land, leading to criticism such as that leveled by Henry George in *A perplexed philosopher: being an examination of Mr. Herbert Spencer’s various*

expansion of state welfare and government involvement in the control of business and industry. The landed core of the Liberty and Property Defence League would oppose Georgist thought well in to the twentieth century. Indeed, George, who offered explicit support for individual enterprise outside the ownership of land, was often confronted by opposition from those who regarded his ideas as simply one facet of a socialist or even communist agenda. The confiscation of land, his opponents believed, would only be part of a confiscation of wealth that would encompass capital as well as land.

George, however, saw in his scheme a mechanism for protecting individual initiative and allowing it to garner the full restitution that was its due. He believed that rent currently swallowed up much of the income derived from labor, and that speculation held back land from effective production. It was the income that accrued to landowners who had put no labor in to the land that retarded economic growth, caused poverty even where there was industrial advance, and was a cause of periodic economic crisis. If land were freed from monopoly, unemployment would likely disappear.¹² Like Herbert Spencer, George recognized that the ownership of land was a monopoly, and that where the ability to create wealth by the application of labor to land was restricted, that which cultivators or occupiers paid for the use of land ought to revert to the community at large. The institution of common control of land, or at least its rental income, would ensure that the community received the benefits of land, the ownership of which might indeed be the result of random chance. George believed that the institution of a tax upon the full value of land would make private ownership in land un-remunerative and lead to either effective control by the community or at least the end of private interests.

Land, which George believed had been bequeathed by God to all people, was the ultimate source for the generation of wealth. The taxation of land values, he believed, would end the critical monopoly on land and allow laborers access to land that they could use to become capitalists. No longer would the laborer be held captive to the capitalist employer who used an excess of available labor to drive down wages. By ending the monopoly on land, labor would have free play to make it productive to its fullest potential.

George's ideas were applicable to an increasingly urbanized society where the desire for land in growing cities meant that landlords accumulated significant increases in the unearned increment or sometimes kept undeveloped land off the market waiting for the most wealthy buyer to purchase or lease. Monopoly in land had fallen to the landlords of the United Kingdom by a simple accident of birth, George believed, and the historical circumstance of their 'ownership' blocked the rightful application of labor to land for productive purposes. George's travels, writings, and speeches had focused primarily upon rural Ireland and Scotland, but his ideas were readily applied to rapidly urbanizing areas of England, as well. Prominent aristocrats were achieving substantial gains in cities where their lands were offered on the short leasehold system in which developers would be allowed to build on land and then sell or lease the construction. At the end of the lease, usually 99 years, the land would revert back to the 'ground' landlord. In London, the dukes of Bedford and Westminster ultimately controlled substantial sections of the metropolis.¹³ Writing in 1883, George addressed the question of

utterances on the land question, with some incidental reference to his synthetic philosophy (New York: C.L. Webster and Company, 1892).

¹² Kenneth C. Wenzer, *Henry George's Writings on the United Kingdom* (Oxford: Elsevier Science, 2002), 174.

¹³ Ian Packer, *Lloyd George, Liberalism and the Land: the Land Issue and Party Politics in England, 1906-1914* (Woodbridge, Suffolk: The Boydell Press, 2001), 28.

landlordism in cities by writing that if he wished to introduce an Irish peasant to some of the worst sights attributable to landlordism, he would take him to see Dublin, Cork, and Belfast.¹⁴

George eschewed the notion that capitalism was the root of exploitation and thus distanced himself from many of his socialist counterparts who sought social justice by an assault on the accumulation of capital. Capital, he believed, was the engine by which employment would be expanded and poverty and want eliminated. His support for cooperative control of land, but the maintenance of free enterprise, meant that he drew fire from both socialists and conservatives suspicious of his intent. Some Marxists argued that he represented the last attempt of the capitalist system to assuage the masses and avoid its own destruction, while his aristocratic opponent the Duke of Argyll accused him of communism. Nonetheless, the intellectual socialist group, the Fabians, absorbed George's beliefs regarding the taxation of land and combined it with continued support for the further taxation of capital. They were among the first to call for a full examination of the prospects and possible impact of the tax on land and it became a part of their program for the reform of government at both the local and parliamentary levels in Britain.

George believed that the full taxation of the unimproved value of land ought to be the 'first reform.' Nonetheless, his stand against monopoly in land begged the question of whether there might also be monopoly in capital. Although he believed that most private undertakings that were not by nature monopolistic ought not to be discouraged, he wrote in *Social Problems* that the "...sphere of government begins where the freedom of competition ends."¹⁵ *Social Problems*, in which George wrote most extensively regarding the role of government in a reformed society, is considered by some accounts to be his most "socialistic" work.¹⁶ With a focus upon the United States, but a corresponding recognition of similar conditions in Britain, he described an industrial landscape in which it was becoming ever more difficult for young entrepreneurs to displace those who had set up shop and made their millions. The pioneers of industry, both by being the first in the field and taking advantage of the first advances in machinery, now effectively precluded many young entrepreneurs from establishing themselves in their respective fields.¹⁷ George remained supportive of industrial initiative and the role of capital, but was angered by those whose fortunes had become large enough for them not only to exercise a monopoly in the marketplace, but to seek governmental protection in the form of tariffs.¹⁸ He wrote:

Through all great fortunes, and, in fact, through nearly all acquisitions that in these days can fairly be termed fortunes, these elements of monopoly, of spoliation, of gambling run ... Capital is a good; the capitalist is a helper, if he is not also a monopolist. We can safely let any one get as rich as he can if he will not despoil others in doing so.¹⁹

Thus, in both land and industry, it was the existence of monopoly and not wealth itself that was to be attacked. George was troubled, but ultimately hopeful regarding government's role in alleviating the abuses of monopoly. He charged it with corruption and abuse in regard to the institution of public debt and indirect taxation, which taxed all in order to protect the interests

¹⁴ Henry George, "The Great Question" (*Irish World*, 27 January 1883), in *Henry George's Writings on the United Kingdom*, op. cit., 66.

¹⁵ Henry George, "A Perplexed Philosopher," cited in *Henry George, 1839-1897*, ed. Mark Blaug (Aldershot, Hants.: Edward Elgar Publishing Ltd., 1992), 180.

¹⁶ Rose, *Henry George*, 93.

¹⁷ Henry George, *Social Problems* (New York: Robert Schalkenbach Foundation, 1981 (1983)), 43.

¹⁸ For more on tariffs, see Henry George *Protection or Free Trade* (New York: H. George and Co., 1886).

¹⁹ George, *Social Problems*, 55, 57.

of the few. Yet, he was confident that it would change in response to the drastic simplification of its duties and the elimination of a wide number of special interests under his plan for land value taxation.²⁰ He believed that in keeping government local, as well, many abuses which had crept in could be reduced.²¹ George suggested that it was well within the scope of the duties of government to regulate or control those activities which private initiative could not provide or provide only in poor fashion. Here, he seems to have included schools and libraries – a particular category of enterprise that responded to society’s collective interest in achieving justice and efficiency, but could not be supported fully by the private sector. Such duties were inevitable as society grew larger and more complex; to ignore them, he believed, would be to overlook the duty of government to do for the “mass of individuals those things which cannot be done, or cannot be so well done, by individual action.”²²

George’s response to governmental intervention in areas traditionally controlled by private enterprise was based upon a careful weighing of the significance of individual concerns in serving the common interests of society. In *Social Problems*, he stated, “It is not the business of government to direct the employment of labour and capital, and to foster certain industries at the expense of other industries.”²³ However, in the same work he also supported government control of railways. In an 1885 interview he said that he was in favor of state control of natural monopolies such as the telegraph and railways, provided that they were “in their nature cooperative.”²⁴ George, with his strong ties to California, considered railways particularly important and he wrote candidly of the ‘tariffs’ they exacted on the American people not only through their monopolies, but through the political power they wielded in protecting their interests.²⁵ He believed that though government might hardly be free of corruption, its control of certain services and industries in the public interest would rid society of the greater evil of corruption through private monopoly. Moreover, he wrote that in many cases the public’s interests would be far more favorably served by direct government control rather than by contracts with private companies.²⁶ Particularly where public attention was directed to the activities of particular departments or services, corruption that did arise could be dealt with.²⁷ However, “...to go further than this, would be to strike at the springs of individual well-being and national wealth...our effort should be to encourage everyone to produce and accumulate all he can, by removing all obstructions and sacredly guarding the rights of property,” he added.

Thus, George was committed to government interference to destroy or control monopoly and to preserve individual freedom. But, he was short on specifics: “The proper line between governmental control and individualism is that where free competition fails to secure liberty of action and freedom of development. The great thing which we should aim to secure is freedom – that full freedom of each which is bounded by the equal freedom of others.”²⁸ It was just this

²⁰ Ibid., chaps. XVI and XVII.

²¹ Ibid., 174.

²² Ibid., 177.

²³ Ibid., 178.

²⁴ Henry George, “Mr. Chamberlain Translated into Plain English: an Interview with Mr. Henry George” (*Pall Mall Gazette*, 14 January 1885), in *Henry George’s Writings on the United Kingdom*, op. cit., 153.

²⁵ Henry George, *Social Problems*, 181.

²⁶ Ibid., 185.

²⁷ Ibid., 186.

²⁸ Henry George, “The New Party,” in *An Anthology of Henry George’s Thought*, Vol. I, ed. Kenneth C. Wenzler (Rochester: University of Rochester Press, 1997), 141.

line between freedom of development and freedom of individual economic action that was to be such an important component in the coming debates over municipal socialism.

The collection of a ‘single tax’ – as many were coming to call the Georgist philosophy -- would mean the end of “cumbrous and expensive” schemes of taxation, according to George. The costs of government would be driven down and other costs traceable to the current monopoly upon land, such as pauperism and vice, would be significantly reduced.²⁹ In addition to fulfilling a great moral duty in reclaiming the rental value of land, government would have more than enough money to confront the social problems of the day. These governmental efforts would be largely confined to areas where private capital failed to provide a service (or provided an inadequate one) because of lack of remuneration. In *Progress and Poverty*, George wrote:

This revenue arising from the common property could be applied to the common benefit, as were the revenues of Sparta. We might not establish public tables – they would be unnecessary; but we could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, theaters, universities, technical schools, shooting galleries, play grounds, gymnasiums, etc. Heat, light, and motive power, as well as water, might be conducted through out streets at public expense; our roads be lined with fruit trees; discoverers and inventors rewarded, scientific investigations supported; and in a thousand ways the public revenues made to foster efforts for the public benefit.³⁰

George’s pronouncement upon the new duties of government in *Progress and Poverty* did attract the criticism of his opponents who suggested that his vision of a simplified government was utopian and that expanded government would surely mean corruption and bureaucracy if pushed to develop the duties he had listed. Moreover, these opponents suggested that his estimate of the remuneration brought by a tax on unimproved land was vastly inflated.³¹ George, however, argued that the amount of rental income to be drawn from land was more than enough, and that once government had shed its extraneous duties and was subject to the overriding concern of enhancing the welfare of its citizens, it would change its character, becoming the expression of a ‘cooperative’ society that no longer had to contend with the problems arising from want and greed. “...there would be brought to the management of public affairs, and the administration of common funds, the skill, the attention, the fidelity, and the integrity that can now be secured only for private interests.”³² George excoriated the corruption that emerged as special interests attempted to manipulate a tax to their own advantage. “Nearly all the taxes which we propose to abolish become, in one way or another, taxes upon conscience, and by setting a premium on bribery, forgery and fraud, foster political corruption and social demoralization.”³³ He argued:

²⁹ Henry George, “Land and People (1881),” speech delivered in Scotland and adapted from “The Irish Land Question,” reprinted in, *Henry George’s Writings on the United Kingdom*, ed. Kenneth C. Wenzler (Oxford: Elsevier Science, 2002), 124. See also Henry George, “Taxing Land Values” *The Standard*, 10 September 1887, reprinted in *Henry George’s Writings*, op. cit.

³⁰ Henry George, *Progress and Poverty* (New York: Robert Schalkenbach Foundation, 1954), 456.

³¹ “Socialism and Rent Appropriation: a Dialogue,” (Henry George and Henry M. Hyndman), *The Nineteenth Century: a Monthly Review* XVII, 96 (February 1885), in *Henry George’s Writings on the United Kingdom*, op. cit., 284. In the debate between George and Hyndman, George estimated the rental value of the United Kingdom at £300 million, while Hyndman put it at £60 to £70 million.

³² George, *Progress and Poverty*, 462.

³³ Henry George, “Taxing Land Values” in *An Anthology of Henry George’s Thought*, op. cit., 53.

We should reach the ideal of the socialist, but not through government repression. Government would change its character, and would become the administration of a great co-operative society. It would become merely the agency by which the common property was administered for the common benefit.³⁴

While many of his opponents labeled George a socialist, he made it clear that he was no opponent of private accumulation once the great monopolies (most importantly in land) were abolished. “I have always insisted that no man should be taxed because of his wealth, and that no matter how many millions a man might rightfully get, society should leave to him every penny of them.”³⁵ George believed that socialists had made a grave error in confusing land with capital and believing that the laborer was the victim of the wage system just as much as he was the victim of monopoly in land.³⁶ Socialists sought a solution for the injustice done to the laborer in broad state control of both production and distribution; this was ultimately destructive of individual freedom, according to George. Although recognizing the noble aims of socialism, he wrote, “If it were absolutely necessary to make a choice between full state socialism and anarchism, I for one would be inclined to choose anarchism ...”³⁷ George sometimes gave speeches under socialist auspices and was often defended by them against conservative opponents, but the two sides often remained alienated despite their agreement on the taxation of land. For their part, conservative and some laissez-faire liberal opponents could detect little difference between George and the socialism of Henry Hyndman. George’s solution to the question of land, to them, promised a radicalism that mirrored socialism and would eventually seek to sweep away private capital.

After George’s first visit to the United Kingdom, Alfred Russel Wallace’s Land Nationalization Society and the Social Democratic Federation, which had given support to land nationalization, came together to form the Land Reform Union (LRU). George was never comfortable with either of the individual groups, since he disagreed with the Land Nationalization Society on the need to compensate landlords and with the Social Democratic Federation on their goal of nationalizing industrial production as well as land.³⁸ Nonetheless, the LRU adopted a constitution that accommodated virtually anyone interested in the issue of land nationalization and was willing to forego other areas of disagreement until the issue of land could be settled. Members of the LRU organized a speaking and propaganda campaign that spread Georgist ideas among local Liberal associations and trade unions. George was warned that his commitment to a confiscation of rental income without compensation for landlords could set the movement back, but he remained committed to the principle that landowning had been bequeathed arbitrarily by nature and that no compensation was necessary.³⁹ George arrived in Britain in 1884 to undertake a series of speeches in Scotland and England. The focus of his influence was now concentrated in Britain, itself, as Ireland had become preoccupied with the issue of Home Rule. His campaigns in Britain in 1884 and 1885 had led to the founding of the Scottish and English Land Restoration Leagues, which soon eclipsed the LRU (which itself collapsed in May of 1884). These groups capitalized on the popular support that had been

³⁴ George, *Progress and Poverty*, 456-457.

³⁵ Henry George, “A Perplexed Philosopher,” 173.

³⁶ Henry George, “The New Party” in *An Anthology of Henry George’s Thought*, op. cit., 140.

³⁷ *Ibid.*, 141.

³⁸ Lawrence, *Henry George in the British Isles*, 32-33.

³⁹ *Ibid.*, 33.

generated by George's ideas, and instead of merely uniting forces behind the issue of land reform, adopted the Georgist remedy of a complete tax on rental income.⁴⁰ They also laid the groundwork for cooperation with municipal reform groups and the Liberal Party in the late 1880s.

But, whether one considered George a socialist or not, the precise definition of socialism in Britain in the 1880s remained problematic. For some, 'socialism' was any protective legislation that tended to set the interests of the community above those of the individual seeking to contract freely for employment or services in the marketplace. Others, however, attributed socialist ideology more precisely to continental Marxism. While the Social Democratic Federation under the leadership of Henry Hyndman supported a Marxist interpretation of the development of British society, other groups sought to effect change within Britain's tradition of gradual reform and democratization. There were radical Liberals (accused by many of supporting 'socialistic' legislation), Christian socialists (emphasizing the critical moral component of community action) and the Fabians (devoted to a gradual institution of state socialism by influencing the major political parties). Labor unions of the 1880s and 1890s were only slowly beginning to embrace the idea of state socialism as a means of solving the power imbalance between labor and capital. Fabianism, with its emphasis on a gradual approach to socialism, made the greatest intellectual contribution to the socialist agenda in Britain. Few British socialists espoused support for Marxism and calls for revolution made little headway in the late nineteenth century.

The Emergence of Municipal Socialism and Tensions in Georgist Thought

George's concerns with property, inequality, and urban blight were reflected in the desire of numerous socialists to effect greater social and economic justice among Britain's city and town dwellers. Rapid urbanization at mid-century overwhelmed many local political bodies that had been focused upon keeping rates (taxes) low in the early nineteenth century. Between 1800 and 1860 the population of Britain more than doubled and the percentage of inhabitants living in cities increased from 30 to over 50 percent. Housing was generally unregulated and the construction of shoddy, back-to-back housing in the teeming streets and courts of many cities meant a lack of access to fresh water, poor sanitation, and the persistence of disease. Demands among middle-class reformers for improvements in urban sanitation had taken shape in the public health movement of the 1840s, spurred on by Edwin Chadwick's *Enquiry into the Sanitary Conditions of the Labouring Population of Great Britain* (1842) and the passage of the Public Health Act (1848). Individual towns and cities, which had heretofore been focused on maintaining a stable environment for local businesses, took steps to improve their infrastructure through private acts of Parliament. Manchester began providing gas in 1824 and later secured a number of private acts to improve its services.⁴¹ In 1847, Liverpool began the process of securing control over local water companies and by 1857 was operating a water supply drawn from reservoirs nearly 40 miles away.⁴² By the 1870s, municipal reform had affected most cities of industrial Britain; the movement toward municipal socialism had begun.

⁴⁰ Ibid., 36-37.

⁴¹ The public gas works was begun under the authority of the local Police Commissioners. It was transferred to the Manchester Corporation by act of Parliament in 1843. See Major Leonard Darwin, *Municipal Trade: the advantages and disadvantages resulting from the substitution of representative bodies for private proprietors in the management of industrial undertakings* (New York: E.P. Dutton and Co., 1903), 10.

⁴² John Sheldrake, *Municipal Socialism* (Aldershot, Hants.: Avebury, 1989), 11.

The potential of municipal authority was demonstrated decisively in Birmingham. Joseph Chamberlain was elected mayor in 1873 after having made a small fortune in the screw-making business and immediately initiated plans to purchase the city's two rival gas companies. These companies were amalgamated into a single municipal concern and the new company immediately demonstrated efficiencies that lowered the price of gas and garnered a profit for the city. This success was reinforced the following year when the town council purchased the city's privately-held water works and set about improving the water supply for many in working-class neighborhoods. Chamberlain argued that his endeavors ended ruinous competition in the gas industry and reversed an unwillingness to supply capital in water utilities. He was committed to using the power of government to achieve social reform, yet believed that such activity must be shown to operate on sound business principles. He saw gas and water as natural monopolies, the efficiency of which were critical to the health and well-being of the population. Moreover, he was proud of the provision of a public art gallery above the offices of the new municipal gas works.

However, Chamberlain believed that municipal operations must be run on sound business principles. His vast 'Improvement Scheme' of 1875 removed dilapidated housing in the center of Birmingham, but at the same time was posited as a way to improve the city's business sector. This 'civic gospel' (at least partly inspired by the Unitarian religious background from which Chamberlain emerged) was a commitment to 'collective' endeavor by local officials who struggled to address the conditions of an industrial nation where political economy remained founded upon the tenets of free enterprise and individualism.⁴³ Informally referred to as 'gas and water socialism' during Chamberlain's years in Birmingham, it would eventually become known as 'municipal socialism' – a variety of 'socialistic' activity which Liberals, Conservatives and socialists, themselves, were coming to realize was a key component of a new collectivist era in British history.

In 1876, Chamberlain transferred his zeal for reform to the national level when he stood for Parliament and became the foremost spokesman of radical Liberalism in England, a movement whose advocacy of social, educational, and franchise reform challenged prevailing Liberal notions of the minimal state. In 1883, his response to Lord Salisbury's call for improvement of urban housing attacked the lack of responsibility among landowners in towns and cities and highlighted the need for the participation of the state in achieving reform. In Chamberlain's eyes, state efforts were critical to securing the responsibility of landowners whom he believed had profited too easily from efforts to construct urban housing. He clearly believed that active reform was something separate from state socialism, but necessary to respond to emerging demands of a more radical nature:

The cry of distress is as yet almost inarticulate, but it will not always remain so. The needs of the poor are gradually finding expression; the measures proposed for their relief are coming under discussion. The wide circulation of such books as *Progress and Poverty*, of Mr. Henry George, and the acceptance which his proposals have found among the working classes, are facts full of significance and warning...*The expense of*

⁴³ See Asa Briggs, *Victorian Cities* (New York: Harper and Row, 1963), and W. Hamish Fraser, "From Civic Gospel to Municipal Socialism," in *Cities, Class and Communication: Essays in Honour of Asa Briggs*, ed. Derek Fraser (New York: Harvester Wheatsheaf, 1990).

*making towns habitable for the toilers who dwell in them must be thrown on the land which their toil makes valuable and without any effort on the part of its owners.*⁴⁴

The essential connection between Henry George and the emerging philosophy of municipal socialism had been made, and it would be of importance for at least the next three decades. In its broadest sense, ‘municipal socialism’ meant collectivist efforts led by local government that attempted to take control of the delivery of local services in the interests of the community rather than those of private entrepreneurs or the shareholders of private companies. Municipal socialism included concerns that could find a private market and those that were generally considered un-remunerative for private enterprise. Among the former were water and gas works, as well as tramways, the operations of which were often in private hands in the early to mid-nineteenth century. Among the later were libraries, museums, and public baths, whose provision rarely engaged the private sector and were built and administered by local government officials. Whether they fell in to the first category or the second, the operations of municipal socialism were characterized by a staff of governmental employees and budgets and accounts which became the source of public debate. The term ‘municipal socialism’ could be re-interpreted by those who found themselves on either one side or another in their attitudes regarding its wisdom. For radical Liberals and socialists who believed that it brought the power of democratic control to markets where private enterprise had failed to meet the needs of the urban masses, it was a positive descriptor of the new power of local government. For political conservatives and advocates of the laissez-faire marketplace, however, it circumvented natural controls over competitiveness.

The term ‘municipal trading’ was sometimes used in conjunction with that of municipal socialism. In most cases, municipal trading was used to refer to those services that replaced or operated in competition with private concerns. In theory, these services were funded by consumers and only administered by public officials. Supporters of municipal activity believed that these concerns could recapture the profits that might go into the pockets of shareholders or private capitalists, and use them for the public good. Opponents of municipal activity, however, believed that it was impossible for government officials to adequately mimic the operations of private enterprise and that costs would balloon and no real profits would be generated where the profit motive disappeared. Some critics of municipal activity condoned governmental intervention in areas where private enterprise was unlikely to tread (libraries, baths, etc.), while criticizing the operations of municipal ‘trading’ companies. Others, however, believed that nearly all government efforts to provide services, whether in an area where private enterprise might compete or not, was bound to flounder on the rocks of high cost and inefficient administration. The terms ‘municipal trading’ and ‘municipal socialism’ could often be used interchangeably by both supporters and critics of municipal activity; the terms were often blurred at the turn of the twentieth century.

There were at least two main characteristics of municipal socialism and/or municipal trading, however. First, such activity was predicated on the notion that government monopoly could both offer sufficient capital for the expansion of a utility or service and streamline its administration. Once cities and towns had received parliamentary approval for their projects, they could raise funds through taxation and borrowing (often at low interest rates) that would allow them to construct large-scale infrastructure. In doing so, they could almost certainly trump

⁴⁴ Joseph Chamberlain, “Labourers’ and Artisans’ Dwellings,” *Fortnightly Review* 40 (December 1, 1883): 761-762, 775.

any private competitors that might remain in the field. These new utilities, following the general understanding of natural monopolies, could be run at less cost: administrative overhead would be reduced, competing companies would no longer be building overlapping infrastructure, and per unit costs to consumers would be reduced. Second, municipal socialism and/or municipal trading was predicated on the idea that economic and administrative efficiency intersected neatly with social reform. All areas of a city would be covered through massive investment in infrastructure, housing congestion and/or poor health and sanitation would be improved, and service would be made affordable to all through a reduction in operational costs.

The British political left was becoming more attuned to the potential of municipal socialism in the late nineteenth century. The Liberal Party had generally been the champions of individual freedom and the restriction of governmental interference in politics, religion, and the marketplace. Chamberlain, however, represented a new form of radicalism that was challenging the rest of the Liberal Party to take up the mantle of social reform; instead of concentrating on the simple liberalization of the marketplace, he believed it should engage in widespread reform in the interests of the widening electorate. British trade unions had generally supported the Liberal Party, and Chamberlain's support for municipal endeavor was at least partially related to his desire to capture working-class votes for the Liberals. He was wary of the label socialism, but found that if his opponents tacked it on to him, he could accept it. The Conservative Party, despite the strong paternalist instinct of the early nineteenth century, had become wedded to the principles of free trade as well as defense of property – a necessary corollary of its aristocratic base. Members of the party rallied to the defense of property as Gladstone's Liberal Party instituted the Irish Land Act of 1881. As the decade continued, and radical Liberals such as Chamberlain seemed to gain greater and greater influence within governing circles, many Liberals who supported the party's old stands of laissez-faire and the restriction of governmental growth moved to join the Conservative Party. Thus, it was from the Conservative Party (later known as 'Unionist' in the battle over Irish Home Rule) that some of the greatest protests against municipal socialism arose.

Chamberlain and his radical colleagues believed that landed wealth in Britain had acted as a block to further social reform and the alleviation of overcrowding and poor sanitation in Britain. He by no means favored taxing away the entire rental value of land, but was well aware that the reluctance of Britain's privileged classes to be taxed made them particularly vulnerable in an age of democracy. In 1885 he embarked upon a series of speaking engagements which championed the plight of new working-class voters against the aristocracy. The rhetoric of his "unauthorized campaign" called upon the state to respond to the demands of its new constituency and to chasten the rights of property – a position that his critics soon argued came close to the type of social revolution advocated by socialists.⁴⁵ In his most fiery speech, delivered on January 5, 1885, he alluded to an historically distant period in which all men had had common rights in land. Such a time had now passed away and a new era of private rights in property emerged:

But then I ask, what ransom will property pay for the security which it enjoys! ... Society is banded together in order to protect itself against the instincts of those of its members who would make very short work of private ownership if they were left alone. That is all very well, but I maintain that society owes to these men something more than mere toleration in return for the restrictions which it places upon their liberty of action. ... I

⁴⁵ Chamberlain took up the 'unauthorized campaign' (un-endorsed by Gladstone) to drum up support from the newly expanded electorate in advance of the general election in late 1885.

think in the future we shall hear a great deal more about the obligations of property, and we shall not hear quite so much about its rights.⁴⁶

His words bespoke the continuing frustration with the earnings of landowners who held a monopoly on land in Britain; the words were, nonetheless, ones which he was forced to retreat from in later speeches when there was an uproar among both Conservatives and traditionally-minded members of the Liberal Party.⁴⁷ On the same day that Chamberlain was tempering his “doctrine of ransom,” George was asked about the January 5 speech in an interview with the *Pall Mall Gazette*. He said that Chamberlain’s speech was a sign that the land question was coming to the forefront of politics and that politicians would now be forced to respond:

This speech is to me evidence of Mr. Chamberlain’s political sagacity...The land question is simply the great social question – the question of work and wages; of food and raiment. Everything is contributing to force it into politics: the crofters’ revolt and the misery in London; the losses of farmers and the distress among artisans; the work of the Land Leagues and the Fair Trade propaganda. And now the dyke that held back the flood is broken. I never fully realized what the extension of the franchise meant until I found around me great audiences of men imbued with the most Radical sentiments who have never yet had a vote.⁴⁸

Municipal reform was not a major component of Chamberlain’s published work, *The Radical Programme*, which encapsulated the pronouncements of the 1885 “unauthorized campaign.” However, discussion of the issues of housing, taxation, finance, and schools were important to the development of municipal activity. He argued that land in towns must be valued according to its building rather than its agricultural uses and thus pre-empted the later arguments of municipal socialists.⁴⁹ Chamberlain did laud the accomplishments of recent municipal endeavor and argued for an expansion of its scope. Although he did not discuss the proper role of municipal government in administering public services, he supported its potential. In answer to the critiques of his detractors that his efforts were indeed socialism, he wrote:

If it be said that this is communism, the answer is that it is not. If it be said that it is legislation of a socialist tendency, the impeachment may readily be admitted...The socialistic measures now contemplated would preserve in their normal vigour and freshness all the individual activities of English citizenship, and would do nothing more spoliatory than tax – if and in what degree necessary – aggregations of wealth for the good of the community.⁵⁰

Although Chamberlain focused upon the duties of landowners in the “unauthorized campaign,” he never spelled out a complete program of taxation of land or committed himself to focusing his energies there. Indeed, evidence indicates that he saw the Georgist program as too radical and a threat to the political stability of Britain. At any rate, his role as the champion of

⁴⁶ Joseph Chamberlain, “The Doctrine of Ransom (Birmingham, January 5, 1885),” in *Mr. Chamberlain’s Speeches: Vol. I.*, ed. Charles W. Boyd (London: Constable, 1914), 137-138.

⁴⁷ See Joseph Chamberlain, “Agricultural Labour and Land Reform (Ipswich, January 14, 1885),” in *Mr. Chamberlain’s Speeches: Vol. I.*, op. cit., 140-150.

⁴⁸ Henry George, “Mr. Chamberlain Translated into Plain English: an Interview with Mr. Henry George (Pall Mall Gazette, 14 January 1885),” in *Henry George’s Writings*, op. cit., 149-150.

⁴⁹ Joseph Chamberlain, *The Radical Programme* (London: Champman and Hall, 1885), 16.

⁵⁰ *Ibid.*, 13.

social reform would be somewhat diminished in coming years. In the mid-1880s he took charge of a Liberal splinter group that aligned itself with the Conservatives in the interests of preserving the Union with Ireland. From this point forward, his career would be marked by a moderation of his stances upon social reform. Yet, when the Liberal Party split over the issue of Ireland, many traditionally-minded Liberals joined him in the coalition with the Conservatives as “Liberal Unionists,” thus leaving the Liberal Party with a more radical core that would be open to efforts at social reform in coming years.

Intersections between municipal socialism and Georgist thought were to be complex in coming years. Connections came in at least two important areas. First, municipal proponents absorbed the land tax as a key ingredient of social reform. They saw within it a means of forcing the landowners of major cities to contribute to the costs associated with the expansion of municipal activity that, in addition to the provision of utilities, included efforts at the provision of working-class housing, public parks, baths, libraries, and museums. These activities, along with street improvements, were designed to improve the conditions of Britain’s industrial landscape. Though trading enterprises such as gas and tramway systems might reduce the costs for the middle and working classes in some areas, rate increases on occupiers had political costs which made it difficult to secure support for municipal endeavor. The advantages of taxing the landowners thus seemed obvious. Yet, municipal socialists do not seem to have embraced a full taxation on land as the solution to their problems. Although the Fabians were heavily involved in the development of municipal socialism and advocated a substantial tax on land, they continued to regard private capital as a legitimate source of taxation, as well.

Second, municipal proponents had to contend with the very warnings George had issued regarding the need to restrain government in the interests of individual freedom. Proponents of municipal socialism had to defend themselves against accusations of corruption, inefficiency, and exorbitant costs in municipal endeavor. Questions arose as to whether elected municipal officials pandered to organized labor under the influence of socialist politicians, assigned costs to alternative accounts in order to show a profit in trading concerns, and whether the overlapping administration of municipal concerns disguised inefficiencies in certain areas and allowed unprofitable municipal operations to continue. Moreover, there were charges that municipalities restricted entrepreneurs who might be prepared to enter a market using improved technology, and whether the desire on the part of municipal officials to balance the books meant that users were subjected to higher prices to cover operating inefficiencies. Critics contended that municipal socialists were so emboldened by their desire to challenge private enterprise that they fostered their own form of corruption. George had argued that there was risk of corruption in governmental agencies and that only certain monopolies were the proper sphere of government. He had suggested that public administrators might well be more efficient in supervising governmental activities that were under the watchful eye of the public; and this did correspond to the argument of municipal proponents that democracy was the ultimate check on governmental misconduct. In practice, however, the intricate financial and administrative aspects of municipal socialism did make it increasingly difficult to determine whether efficient practices were actually followed.

The debate over municipal socialism reflected some of the most critical tensions in Georgist thought. George had warned about government corruption, but also envisioned a wide variety of legitimate governmental activities after the single tax had been enacted. His argument was that government would change its character under the operation of the single tax – a

somewhat specious argument for observers in later and perhaps less idealistic years.⁵¹ Supporters of municipal socialism, who argued in favor of the cooperative world George envisioned, believed that local government under the operation of municipal socialism offered the best route to ensuring that the benefits of monopoly were returned to the community. Most sought a defined program of governmental responsibilities for which the minimalist structure that George had proposed seemed inadequate. This applied to socialists considering issues at the national level, as well. As George Bernard Shaw was later to write in discussing the application of land taxation to the national budget, one could not, “dump four hundred and fifty millions a year down on the Exchequer counter, and then retire with three cheers for the restoration of the land to the people.”⁵² George had both envisioned a utopia and prepared a roadmap to achieving economic justice, but come up short on basic issues of governance.⁵³

For their part, the opponents of municipal socialism, who argued in favor of the rights of the individual which George championed, were far more pessimistic. They argued that local government (and bureaucracy at the national level, as well) would never change its character and would only seek to protect itself at the expense of the individual.

Municipal Socialism in Action: the London County Council (LCC)

A trip George made to Britain in 1889 corresponded to a major step forward in the development of municipal socialism. The election of the initial London County Council (LCC) in early 1889 meant the first chance for political progressives to press for an expansion of municipal activity in the capital city. Previous governments in the metropolis had remained divided between the closed corporation of the City of London and the individual parishes that the City refused to absorb as the urban population spilled over its medieval borders. Administration was chaotic and characterized not only by the individual interests of the parishes, but by a mix of overlapping authorities that included turnpike trusts, individual square trusts, and paving boards. The chaos had been alleviated to some degree by the creation of the Metropolitan Police in 1829, but the metropolis itself had been excluded from the parliamentary Municipal Reform Act of 1835. The movement for the rationalization of London government had come with heightened concerns over sanitation and crowding at mid-century. Proposals for reform, however, were bound up with the question of just how centralized London government ought to be. In the 1880s, the Liberals became the champions of centralized authority and the Conservatives the spokesmen for the interests of individual vestries and district councils. The Conservative government of Lord Salisbury eventually decided to constitute London as a county council under the terms of the County Councils Act of 1888 – a reform which temporarily preserved the old vestries.

⁵¹ George’s probable exaggeration of the potential of his own revenue-generating plan has been noted as one of the weaknesses of his work. See Robert V. Andelson, “Neo-Georgism,” in *Critics of Henry George*, ed. Robert V. Andelson (London: Associated University Presses, 1979), 383.

⁵² Fabian Society, *Fabian Essays in Socialism*. Jubilee Edition (London: George Allen and Unwin, Ltd., 1950), 176; quoted in Lawrence, *Henry George in the British Isles*, 173.

⁵³ I have not yet been able to find secondary work that specifically addresses this issue of governance. Aaron B. Fuller III suggests that once one sets aside George’s exaggerated claims for the potential of the land tax, his legitimacy as an economist may be more fairly viewed. [Aaron B. Fuller, III, “Selected Elements of Henry George’s Legitimacy as an Economist,” in Blaug, *Henry George*, 143.]. Andelson mentions that the positive functions of the state which George envisions (museums, art-galleries, etc.) may be open to abuse, but does not follow through on the issue in his own work. [Robert V. Andelson, “Henry George and Economic Intervention: A Critic Proposes That George’s Strictures on Industrial Monopolies Be Revised,” in Blaug, *op. cit.*, 209].

The first County Council election of January 17, 1889, was a signal that forces of reform, many of them seeking to build on the tradition of municipal socialism established at Birmingham and elsewhere, were to have an important impact on the course of affairs in London government. This political bloc, soon dubbed the “Progressives,” took approximately 73 out of the 118 seats on the Council.⁵⁴ It was made up of some traditional Liberals, but was augmented by the Fabian theorist Sidney Webb and the labor leader John Burns. The Progressives came to the LCC possessed with relatively well-defined plans to use the power of the council, circumscribed as it was by the vestries and the City, to relieve squalid social conditions that had been laid bare by social investigations of the 1880s.⁵⁵ Municipal reformers had long recognized that London trailed industrial cities in outer Britain in the provision of municipal services. In their eyes, the creation of the LCC was the most important step in developing the metropolis as a civic governing and administrative unit.

Two issues immediately came to the fore: the first was the issue of municipal trading and the second was that of unification (and further centralization) of government in London with a consequent extension of the powers of the LCC. Progressive opponents, who came to be known as “Moderates,” were made up of politicians of conservative leanings and were hostile to both developments.⁵⁶ They worried about the effects that expanded municipal trade would have upon rates in London and worried that the LCC, if given greater authority, would threaten business interests in the City as well as the interests of landowners and private businessmen across the metropolis.

The plans which Progressives laid for London were set out in 1889 in a booklet entitled *Facts for Londoners*, a work followed two years later by *The London Programme*. Both were written by Sidney Webb (the first anonymously so) and marked the beginning of Fabian efforts both to permeate the Progressive Party and to establish a comprehensive program of municipalization. In lucid prose that would come to mark a succession of his publications on behalf of the Fabians, Webb wrote in *Facts for Londoners* that “as a whole kingdom in itself” London had unique problems that had to be solved by a clearly delineated program.⁵⁷ He highlighted the perennial Fabian concern with the concentration of London’s rental income in to a few hands and the growth in the “unearned increment” which accrued to ground landlords by virtue of heredity, depriving the masses of the funds necessary for social reform. To carry out social reform, it was not only necessary to enact reform of taxation, but to increase the power of the LCC vis à vis the vestries which had “almost uniformly neglected their most important public functions” and generally mismanaged those of which they had taken charge.⁵⁸

⁵⁴ Sir Gwilym Gibbon and Reginald Bell, *History of the London County Council, 1889-1939* (London: Macmillan, 1939), 677. It is important to note that early on in the Council’s history the dividing lines between the “Progressives” and their “Moderate” opponents was fluid, thus making a determination of the specific strength of each party difficult.

⁵⁵ The square mile ‘City of London’ maintained itself as a separate unit of government with the formation of the London County Council. This was indicative of the reluctance among numerous special interests to give up their privileges in exchange for a centralized and powerful London government.

⁵⁶ The roots of the terms “Progressive” and “Moderate” remain somewhat ambiguous. *The Times* on February 1, 1889 indicated that one party was one “which Mr. [Joseph F.B.] Firth will not allow us to call Radical, but which calls itself, we believe, progressive.” Later, it stated that in the appointment of aldermen, “two lists have been put forth, one by those members who are styled ‘progressive’, the other by those who prefer to call themselves ‘moderate.’” Quotations derived from Gibbon and Bell, op. cit., 84. Firth was an early campaigner for London government reform

⁵⁷ Sidney Webb, *Fabian Tract No. 8: Facts for Londoners* (London: The Fabian Society, 1889), 4.

⁵⁸ *Ibid.*, 13.

Webb believed the inefficiencies of administration at the level of the vestries and district councils were mirrored in the administration of the Poor Law, education, hospitals, the provision of gas and water, and the construction of tramways and public baths. After analyzing the County's budget, Webb recommended that "municipalization (by purchase) of the gas and water supply, the tramways, the docks, the monopolist markets, and the private cemeteries" would increase the county's debt but eventually secure savings that were lost in the payment of private interests.⁵⁹ Moreover, reform of taxation that recouped payments in ground rent and the unearned increment could offset projects that benefited the masses.

The *London Programme* expanded upon the problematic conditions Webb had highlighted in 1889, but posited them firmly in terms of the need to expand the powers of the LCC and to restrict those of the vestry. In the context of this general need for expanded powers, the work reflected major issues in efforts at municipalization in London, and indeed in other English and Scottish cities during the 1890s. Webb's program of municipal expansion was synergistic: a municipal effort to heat the fresh water it supplied would make apparent the need for a municipal supply of gas. Furthermore, a modern city that had already demonstrated its responsibility in maintaining the health of its citizens would naturally work to provide free trams to relieve congestion. Knowing that there was indeed growing pressure against an increase in the rates, Webb emphasized that landowners, particularly those who saw the value of their properties increased by public improvements, must pay increased taxes. He acknowledged that economic theory dictated landowners already saw their rents reduced due to the rates for which occupiers were responsible, yet he believed that the marketplace failed to function in such a manner as to directly transfer the burden of the rates to landowners. Currently, middle and working-class occupiers were made to feel every increase in the rates while land owners grew wealthy through unearned increases in the value of their properties.⁶⁰

The impact of municipal reform on local rates – which were usually paid by the occupiers of property – was an issue of concern for both Progressives and Moderates. Progressives had to walk a fine line between emphasizing reform (and the strengthening of the LCC), while making sure that increases in the rates did not alienate the core of their constituency. Moderates, on the other hand, reflected many of the concerns that had emerged in 'ratepayers' organizations in industrial cities where reactions had set in when it appeared the price for local officials' reform would be borne by the town's taxpayers.

For some Moderates on the LCC, Webb's proposals would not have seemed outlandish. They had early on accepted that municipal intervention was necessary to correct problems of health and sanitation; purchase of the water supply was well within the scope of the activities they envisioned. In the early 1890s, it was not so much what had been done in London as the prospect of where it might all lead that concerned the most avowedly anti-socialist officials and thinkers. Webb called for extension of municipalisation to include intervention in the private market where he believed centralized administration could achieve efficiencies that improved rather than simply protected workers. As he concluded in *The London Programme*:

...when London's gas, and water, and markets are owned and controlled by its public authorities; when its tramways and perhaps its local railways are managed, like its roads and parks, not for private profit, but for public use; when the metropolis at length possesses its own river and its own docks; when its site is secure from individual tyranny, and its artisans' dwellings from the whims of philanthropy; when, in short, London

⁵⁹ Ibid., 54.

⁶⁰ Sidney Webb, *The London Programme* (London: Swan Sonnenschein and Co., 1891), 208.

collectively, really takes its own life into its own hands, a vast army of London's citizens will be directly enrolled in London's service. The example of short hours of labour, adequate minimum wages, and regularity of employment set by this great employer of labour will go far to extinguish the "sweater," as it will have done to supersede the demoralizing scramble for work at the dock gates. The example of the municipal artisans' dwellings and common lodging-houses will cooperate with a drastic administration of the sanitary law in securing for even the poorest London worker at least as a good a home as it provided for the meanest of its cab-horses. With decent housing, short hours, regular work, and adequate wages the worker will at last have been placed in a position really to take advantage of the opportunities for civilization...rendered possible by the "higher freedom" of collective life.⁶¹

Arguments over the possible corruption engendered by municipal socialism were much more widespread in political and intellectual circles than the discussion of the taxation of land and the funding of local government. From the early 1890s, a municipal "anti-socialist" movement began to pick up speed. Its supporters were drawn not only from the ranks of the Conservative Party, but from the ranks of traditional Liberals who might once have considered themselves "progressive," but were now wary of the plans that Fabians and labor supporters laid for local government. Each voice in the anti-municipalist movement emphasized a different set of shortcomings. Yet, they included (with many variations) the following concerns: the inability of municipal authorities to manage businesses, the potential for corruption among local officials, the potential for political pandering to workers employed by the municipality, the increased debt that was accruing to local government, the difficulty of calculating profits or losses at the local level, and the potential for municipalities to stifle innovation and competition. For those who saw themselves as fighting a battle against socialism at the local level, their crusade was a chance to appeal to traditional liberal sentiments of limited government and fiscal economy as well as dissect several case studies of municipal socialism. These cases offered them a chance to assess local governments that had purchased utilities and services, established charges and wages, managed the monies gathered from rates, and made individual decisions on how profit and loss (and, indeed, the health of an individual business) was to be judged.

Many anti-socialists believed that by debunking faith in municipal socialism, pressure for socialism at the national level would be reduced. In addition, for nearly all, there was a need to do battle with the aspirations of local government so that rights in property might be protected against the desire to tax away the rising value of land. They emphasized that the ledgers of municipalities indicated increasing rates and growing indebtedness. Then, they declared that the continued amateur administration of local authorities would lead to bankrupt and inefficient local enterprise for which all would eventually pay.

The early years of the LCC were marked by efforts to expand parks, secure support for the municipalization of water, and undertake improvement efforts under the Housing of the Working Classes Act of 1890. Rates were increased by roughly two pennies on the pound (from approximately 11.6 d/£ to 13.5 d/£) during the first two terms of the LCC, but significant portions of the increases went to fund equalization (funds distributed locally to relieve rates) and additional services imposed on the LCC.⁶² Considering these two factors, the impact of the newly-formed LCC on the rates was marginal. However, there were expensive projects in the

⁶¹ Ibid., 213-214.

⁶² John Davis, *Reforming London: the London Government Problem 1855-1900* (Oxford: 1988), 141.

planning stages which would cost the LCC substantially in the coming years. An 1892 report published by the Council showed that projects already authorized, including the Blackwall Tunnel and the Boundary Street housing scheme, would cost £2.44 million. When these and other improvements were totaled up, the report foresaw an additional £9 million in expenditures and an additional 4.1 d. on the county rate.⁶³ Yet, these included the projects for which plans had already been made. Progressive ambitions were greater and if the purchase of London's water companies was added in (a cornerstone of the Fabian platform), the rating system might indeed be pressed to the breaking point.

The second LCC election in March, 1892, pitted the forces of the reform-minded Progressive Party against conservative voices which condemned the administrative ineptitude (or at least inefficiency) of the LCC, its financial extravagance, its thinly-veiled grab for political power, and its marked desire for socialism. London voters endorsed the principle of an expanded LCC agenda, and the Progressive Party won by an increased margin. While in 1889 it had garnered 73 seats to the Moderates' 45, in 1892 it got 84 seats to the Moderates' 34.⁶⁴ The victory decisively transferred political momentum to the Progressives and ushered in a three-year period that was marked by the desire of the party to see to the enactment of many of the most ambitious plans laid out in *The London Programme*. Pressure to expand the LCC's authority in to areas of labor and the provision of utilities increased. As an emerging labor leader, John Burns had already endorsed the idea of an expanded role for the LCC in securing labor gains during the 1892 campaign. He contended that for sanitary workers, "reduced hours, higher wages and improved conditions generally, although adding slightly to the cost, have produced more efficient work, better health, stopped malingering, and given greater satisfaction to all concerned than the old system."⁶⁵ Burns endorsed not only fair wages for workers who did the LCC's work, but also believed that the LCC should undertake direct employment of labor in a variety of activities ranging from construction to the supervision of asylums. Here, he argued that efficiency would be improved as county officials would no longer have to continually supervise the efforts of private contractors. Such efforts were part of a much larger municipal agenda for Burns. "What is the measure of the Council's future work, the limit of its programme? In Charles Booth's wonderful but awful book...That is the Council's work."⁶⁶

At the close of the century, the heart of the Georgist campaign – the taxation of unimproved value in land – also became a critical issue for supporters of municipal socialism. Progressives were dedicated to taking on reform of taxation in London in order to ensure that further plans for collective activity could be financed. Moderates had already made an issue of the rising rates levied upon occupiers, and Progressives had responded that London landlords must be made to shoulder a greater share of the tax burden. In particular, they believed that the unearned increment should be taxed. Rating within London had also been a topic of concern because of the difference in financial resources between poor and wealthy vestries. The "betterment" schemes of the 1890s brought the issue of taxation to the forefront. Most Progressives believed that it was now quite justifiable to force landowners to pay for improvements that increased the value of their property. The Fabian Society estimated the

⁶³ Ibid., 146.

⁶⁴ Gibbon and Bell), 677.

⁶⁵ John Burns, "The London County Council: Towards a Commune," *The Nineteenth Century* 61 (March 1892), 504.

⁶⁶ Ibid., 513. There might well be others who had sinister plans, though: "And it is against this Council, the embodiment of desire for portentous social change, that the dogs of property bark, and Tory politicians vainly display their thinly-veiled contempt or unscrupulous hostility."

annual “unearned increment” of the metropolitan region at £7,154,844 in the early 1890s.⁶⁷ It wrote further that the annual rise in rent represented an addition to the saleable value of London property of about £4,000,000 per annum.

The total rates levied annually amount now to over £7,500,000, and must inevitably increase with the growth of social compunction, and the extension of corporate activity. Would it be anything but bare justice to absorb, in order to meet this deficit, the whole of the £4,000,000 annually added to the value of London?⁶⁸

These calls for the taxation of local land values owed much to George’s previous influence. His last visit to the United Kingdom had come in 1889 and afterwards it was up to champions of the ‘single tax’ in the English and Scottish Land Restoration leagues to continue to spread his ideals. George’s ideas were increasingly absorbed into the proposals for land taxation that circulated amongst municipal reformers, Fabians, and the Liberal Party. As such, however, they lost their force as a coherent set of ideas – a set of ideas whereby the taxation of the entire rental value of land would be the starting point for extensive social and governmental reform. The English and Scottish Land Restoration leagues eventually joined with the Municipal Reform League to establish the United Committee for the Taxation of Ground Rents and Values.⁶⁹ The journal *The Single Tax*, originally begun by the Scottish League, was moved to London and renamed *Land Values* to emphasize that Georgist supporters wanted politicians to at least make a start in recognizing and taxing land values.⁷⁰ The United Committee continued to drum up support in cities and the countryside and from 1891 to 1898 and sent “Red Vans” in to the countryside. These tours did not immediately emphasize the land taxation issue, but instead emphasized the need for agricultural workers to participate in social and political reform. Opponents, such as the Liberty and Property Defence League sent their own speakers into the field to attempt to counteract the influence of the red vans.⁷¹

In 1890, just as the LCC was getting underway, Sidney Webb suggested that about two-thirds of the LCC’s members supported the policies of the United Committee.⁷² The idea of taxing local land values had first emerged in the Glasgow City Council in 1889, but was not followed up on until the later part of the decade. Municipal elections of 1896 had brought in a majority of councilors supporting land value taxation.⁷³ A bill seeking the taxation of land values, known as the “Glasgow Bill,” was first introduced in 1899 and then again in 1905; it was unsuccessful both times. Introduced again, it was rejected once by the new Liberal Parliament in 1906, then passed only to be altered out of recognition by the Lords.⁷⁴ As of 1894, the LCC had

⁶⁷ Sidney Webb, *Fabian Tract No. 30: The Unearned Increment* (London: The Fabian Society, 1891), 3.

⁶⁸ Ibid.

⁶⁹ The account of the organizational change differs between secondary sources. Peter d’A. Jones writes that in 1887 the English Land Restoration League joined with the “Municipal Reform League” to form the “United Committee for the Taxation of Ground Rents and Values.” [Peter d’A. Jones, “Henry George and British Socialism,” *American Journal of Economics and Sociology*, Vol. 47, No. 4 (October 1988), 485; reprinted in *Henry George, 1839-1897*, op. cit., 371.] Elwood Lawrence writes that after some initial name changes in the late 1880s, the English and Scottish Land Restoration leagues merged in to the United Committee for the Taxation of Land Values. However, he contradicts this by saying later in his work that the United Committee was not formed until after the turn of the century. [Lawrence, *Henry George in the British Isles*, 112, 131.]

⁷⁰ Lawrence, *Henry George in the British Isles*, 113.

⁷¹ Ibid.

⁷² D’A. Jones, 485; Blaug, 371.

⁷³ Lawrence, 117.

⁷⁴ Ibid.

established a committee that became known as the London Electoral Committee for the Taxation of Land Values, and in that same year the LCC endorsed the principle of taxing land values.⁷⁵ One bill brought on behalf of the LCC that sought the taxation of local land values failed in 1897, and in December of 1900 a second bill was prepared by the LCC Local Government and Parliamentary Committee, but failed.⁷⁶ Though these bills were unsuccessful, the *Municipal Journal* remarked early in 1901, “The general principle of the taxation of site values has been so thoroughly canvassed of late years, that it is with a feeling akin to relief that we witness this transition from abstract to concrete...”⁷⁷ Indeed, a conference of local government authorities brought together by the invitation of the Glasgow Corporation in 1902 pledged to assist in the advancement of legislation relating to land values taxation.⁷⁸

Pressure for the local taxation of land was related to the continued dominance of the Progressive Party on the LCC. However, the Moderates found a new source of strength in the London Municipal Society (LMS), an umbrella group founded to further the campaign against municipal socialism. In 1895, they succeeded in capturing 59 seats on the LCC to the Progressives’ 58.⁷⁹ This victory proved to be fleeting as the Progressives retook control in 1898 with a majority of 84 seats to 34.⁸⁰ The major election issue of 1898 was the proposal for the creation of a second tier of government in London which (many Conservatives hoped) would offset the strength of the LCC. A poorly-considered speech by the Conservative prime minister Lord Salisbury, in which he attacked the LCC as constituting a “little Parliament,” damaged the Moderate campaign effort and the Progressives won handily.⁸¹ Ultimately, the Government of London Act of 1899, passed by a Conservative Parliament, did succeed in establishing a second tier of municipal boroughs which reined in the power of the LCC. Support for Progressive plans to continue the streamlining and centralization of utilities remained high, however. The battle between a Conservative-dominated Parliament worried about the ‘socialist experiments’ then being tried on the LCC and a Progressive Party which was anxious to demonstrate the benefits of municipal ownership continued. The Progressives did suffer a major defeat in 1902 when the creation of the Metropolitan Water Board placed London’s formerly private water companies under public authority, but dispersed that authority amongst various governing bodies in the metropolitan area. This step ended long-standing Progressive dreams of a water supply that would be under the authority of London’s broadest elected body.

Conservative and anti-socialist attacks on municipal trading and municipal socialism were increasing, and between 1902 and 1907 undermined what had heretofore been widespread support for ‘Progressive’ London. The campaign against municipal socialism was given significant publicity by both journalistic and governmental endeavors. In 1902, an extended series of articles appeared in *The Times* analyzing the growth of municipal activity and critiquing what the

⁷⁵ Ibid., 118.

⁷⁶ Ibid. Also see, *The Municipal Journal* (December 21, 1900), 1001.

⁷⁷ *The Municipal Journal* (January 25, 1901), 63. Some might well have taken issue with the fact that in the case of the LCC bill, the occupier was still to be responsible for paying the rate on the land, though he could then deduct what he paid from the rent paid to the owner. The question naturally arose as to whether owners might then simply raise rents. At least in the case of the LCC bill, the new taxation that was placed upon vacant sites was expected to stimulate competition that would offset any increases planned by landowners. See *The Municipal Journal*, October 24, 1902, p. 875.

⁷⁸ *The Municipal Journal*, October 24, 1902, p. 881.

⁷⁹ Gibbon and Bell, *History of the London County Council*, 677.

⁸⁰ Ibid.

⁸¹ Joseph R. Diggle, “Party Politics and Municipal Elections,” *The Nineteenth Century* 43 (April 1898): 606.

anonymous author said was the unwieldy system of finances at its heart. Municipal socialism meant substantial increases in local rates and debt, according to the series, and in all probability the creation of a set of municipalized workers who could hold elected officials hostage for continued increases in wages. The series came on the heels of the Joint Select Committee on Municipal Trading appointed in 1900 and helped to prompt a further select committee investigation in 1903.⁸² While the first committee failed to reach a specific set of conclusions, the second emphasized only the creation of a better set of accounting standards. Municipal opponents could hardly call the select committees a great victory. Nonetheless, the extended testimony of various officials made it clear that disquieting evidence could be brought to bear against municipal trading.

Though it began with an apparent setback, moderate and anti-socialist forces were to find 1906 a turning point. In January, the Liberal Party gained an overwhelming majority in parliamentary elections and emerged with 399 seats to the Conservatives' 156. In addition, the Labour Party finally seemed to have emerged on to the national stage with a total of 30 seats in Parliament.⁸³ At the parliamentary level, Conservatives now sensed an unhealthy mix of radical liberalism and trade union socialism; in addition, the connection between socialism at the national level and municipal socialism seemed all too apparent. John Burns was appointed as president of the Local Government Board, and in all perhaps 30 London County councilors were returned to Parliament as either Liberal or Labour representatives.⁸⁴ London Conservatives believed that Burns would take with him all the socialist philosophies that had been practiced and refined over the past 18 years in London. Participation in the government now allowed socialist agitators to take one more step in the permeation of British politics that had begun at the municipal level and infected all the major parties, they argued. The *London Municipal Notes*, an organ of the LMS, wrote of Burns, "In spite of his protest that 'from him private enterprise would get fair play and just treatment,' it is certain that, as a Socialist, he will do everything in his power to extinguish private enterprise and replace it by Municipal or State Socialism."⁸⁵

It appeared to many Conservatives that the party had little to offer as an effective counterweight to Labour and 'new' Liberalism. Although most members of the Labour Party had been only marginally influenced by Marxist doctrine, Conservatives saw in their new parliamentary presence the beginning of an inevitable process by which individualism and private property would be undermined by an expanding state. In addition, Conservatives believed that Liberals were caving in to the temptation of public policy designed simply to appease the masses. Since the 1880s, the Liberals had been increasingly influenced by philosophic and political thought which championed the necessity of collective action by the state to ensure a just society. In the guise of 'new' Liberalism, it was promoted by David Lloyd George, Winston Churchill, and others after 1906 and represented a fundamental shift in the liberal philosophies of limited government and laissez-faire economics promoted by the Liberal Party in the mid-nineteenth century.

⁸² See *Report from the Joint Select Committee of the House of Lords and the House of Commons on Municipal Trading; together with the Proceedings of the Committee, Minutes of Evidence, and Appendix*. (London: H.M.S.O., 1900), 84; and *Report from the Joint Select Committee of the House of Lords and the House of Commons on Municipal Trading; Together with the Proceedings of the Committee, Minutes of Evidence, Appendix and Index* (London: HMSO, 1903).

⁸³ Crowson, *The Longman Companion to the Conservative Party Since 1830*, 43.

⁸⁴ *London Municipal Notes*, 2, no. 12 (February 17, 1906), 407.

⁸⁵ *London Municipal Notes*, 2, no. 11 (January 6, 1906), 338.

In London, Moderates and members of the Conservative Party concentrated their efforts on the borough council elections of November 1, 1906. Throughout the summer and early fall, the LMS worked diligently to publicize the issue of high rates through pamphlets and public lectures. Pamphlet titles included “High Rates and the Working Man,” and “Who Pays the Rates?.” Meanwhile, the LMS secretary W.G. Towler delivered a lecture on the “LCC and the Tramways” and Sir Melvill Beachcroft delivered one on “LCC Finance.”⁸⁶ A program of municipal reform (likely associated with the Moderate Party which was now styling itself the ‘Municipal Reform’ Party) encouraged limits on LCC expenditure, a delegation of further power to the borough councils, and an auditing of all municipal trading accounts.⁸⁷ The persistence of the new ‘Municipal Reformers’ paid off. In 1903, Progressives had controlled 15 municipal borough councils to the Moderates’ (or Municipal Reformers’) 13. After the 1906 election, the Municipal Reformers controlled some 26 to the Progressives’ two. The ‘Moderate’ opposition in London finally seemed to have scored an important victory, though the experiences of 1895 and afterward demonstrated that Progressive arguments in favor of municipal expansion would not be easily defeated.

Municipal socialism was at the front and center of the LCC campaign of March 1907. The auditor John Holt Schooling published a politically-charged analysis and critique of the Council’s finances in January, 1907, which offered Municipal Reformers fuel for their campaign. The *London Municipal Notes* wrote, “The careful and accurate researches of the trained mind supplies material which is in itself the most damning indictment that could possibly be brought against the Progressive administration of London’s Municipal affairs.”⁸⁸ More distanced from the campaign rhetoric which surrounded municipal trading, the *Quarterly Review* wrote that the Progressive LCC only tenuously adhered to the principles of proper book-keeping and knowingly published flawed balance sheets:

This archaic pretence is kept up for the sake of the weaker brethren who are habituated to debtor and creditor accounts and all the other categories of commercial accountancy...The municipal socialist...regards profit as a fraud on the community...Clearly the aspirations of those whose minds are possessed by the new Evangel have led them to disregard the ordinary tests of commercial success.⁸⁹

Gibbon and Bell write that the election of 1907 “was contested with a vigour and violence of emotion unmatched in the history of the Council.”⁹⁰ They note that the Progressives had been weakened by the absence of some of their best councilors who entered Parliament as part of the Liberal majority. In addition, they contend that the financial state of the city was ripe for a ratepayer backlash. County rates had continued to rise since 1889 and while the net debt in 1893 totaled just over £18,000,000, by 1903 it had risen to £28,000,000.⁹¹ The Council took over the loans of the London School Board in 1904, but in addition made capital investments in trams and other improvements that raised the debt to over £48,000,000 in 1907.⁹² Gibbon and Bell also note that some of the fire seemed to have gone out of the Progressive platform. The creation of 28 metropolitan borough councils had dulled enthusiasm for greater centralization of

⁸⁶ *London Municipal Notes*, 3, no. 20 (October 1906): cover.

⁸⁷ *Ibid.*, 186-187.

⁸⁸ *London Municipal Notes*, No. 23 (January 1907): 2.

⁸⁹ *Quarterly Review*, Vol. 205, No. 409 (October 1906): 423.

⁹⁰ Gibbon and Bell, *History of the London County Council*, 100.

⁹¹ *Ibid.*

⁹² *Ibid.*, 101.

government and the creation of the Metropolitan Water Board had nixed the Progressive goal of a county-wide water supply. Though the party continued to fight for a regional plan for the provision of electricity that would serve metropolitan London, they took a good deal of criticism for the mishaps that had attended the municipal provision of steamboats on the Thames. Gibbon and Bell write:

Electioneering artifice was lavishly employed. Cartoons deriding the extravagance of the Council flooded the newspapers. Posters on almost every hoarding conveyed to the elector all modes of appeal, from subtle humour to forceful crudity. Vans paraded the streets bearing tableaux of tumbledown “Progressive” houses and “Progressive” steamers foundering in the Thames. The story was even circulated that the crews of those luckless vessels had orders to come on deck when passing under the bridges, so that it might appear that there were passengers on board!⁹³

The Moderates emerged from the election with a total of 79 seats while the Progressives garnered 38. Municipal Reformers were to remain in control of the LCC until 1934 when they were displaced by the new party of the left – Labour. In the years immediately following the 1907 election they did much to promote the new era of economy that they believed had dawned. Steps were taken to end what they believed were the worst abuses of municipal socialism – namely the LCC’s Works Department and the un-remunerative steamboat service on the Thames. The deaths of both operations were lingering ones. The steamboats had been in financial trouble ever since they had begun operation, but the Council was at a loss as to how to dispose of the service’s boats without a significant loss. The Works Department was steadily deprived of work by the Council – helping to bring on financial crisis in the operation – and was shut down in 1909. In theory, the agenda of the Municipal Reformers was devoted to reversing key aspects of the Progressive tradition, but never did it amount to a full repudiation of the practice of municipal trading. The debates that surrounded most bills for the extension of public services – including those for tramways and electricity – demonstrated it was virtually impossible for the Municipal Reformers to reject the pivotal role of municipal institutions in shaping or controlling collective services. Their enthusiasm for reining in the spending practices of the Progressives was tempered by a new understanding of the expected responsibilities of local government. They continued to support the expansion of publicly operated tramways and some housing schemes.

For their part, critics of municipal socialism outside of the Municipal Reform party remained relatively quiet with regard to the LCC. The socialist menace within the body now seemed under control. Anti-socialists remained active, but they focused much more of their energy on fighting enemies at the national level where the Liberal Party was embarking upon a host of state-centered reforms. At the local level, Britain seemed to have firmly entered the collectivist era.

In coming years, London was faced with problems of traffic, housing, and education, each of which required action by the LCC. Many of the actions at the municipal level were at least in part dictated by the national government. New understandings of municipal responsibility meant that Municipal Reform supporters sought ways for the party to manage the responsibilities of government rather than to simply reject its expansion. In October 1906, the *Quarterly Review* noted with some dismay that the force of history seemed to reside, at least

⁹³ Gibbon and Bell, 103-104.

temporarily, with the advocates of governmental expansion.⁹⁴ One of the strengths of the municipal argument was that it stood for protection of the public against private monopolies, it reported. Yet, the journal found that the avenue of offering private enterprise the right to compete for, and secure control of, an area which tended toward monopoly might allow the public to receive the advantages of both private enterprise and efficient service.⁹⁵ This idea was followed up by W.G. Towler in his 1909 work, *Socialism in Local Government* in which he argued that the Local Government Board had missed the opportunity to establish the parameters by which municipal control could be exercised over private monopolies and thus had opened the door to the larger menace of unmitigated socialism.⁹⁶ Thus, though one could give a qualified assent to the terms of individualism as opposed to socialism, the individualist cry of, “Govern, not Trade,” was unworkable and had to be infringed at some point.⁹⁷ Towler wrote at some length about the need to establish terms of municipal oversight, found some model in the way that gas companies were currently regulated, and ended with a proposal that a department of the Local Government Board be established to investigate and make recommendations in situations involving public or private monopolies.⁹⁸

Georgism and the Taxation of Land at the National Level

While the years after 1907 represented the end of impassioned debate on the issue of municipal socialism, and both the gradual acceptance of local governmental responsibilities and an accompanying awareness of the risks of those responsibilities, the issue of land taxation was subjected to critical debate at the national level. Increasingly, municipal efforts to enact local land taxation became tied to the emerging Liberal consensus in support of land values taxation. The National Liberal Federation had accepted the principle of the land tax since 1889, but it was some time before the plan became a part of the platform of the party, itself.⁹⁹ The movement that had already begun in Glasgow and London led to the calling of a national conference on land values in London in 1895. Other conferences culminated in a demonstration in London for the Land Values Assessment and rating Bill which in 1905 was about to be voted on in Parliament. The Liberal Party responded by issuing a whip to ensure that members of the party were in their seats to vote on the bill.¹⁰⁰ The idea of land values taxation had gripped many in the Liberal Party since the mid-1890s and drawn the support of old radical politicians such as John Morley and younger ones such as Henry Campbell-Bannerman. The future prime minister, Campbell-Bannerman, said, “nothing short...of the taxation of land values will suffice to get at the root of urban over-crowding.”¹⁰¹ Nonetheless, he did not believe in the operation of a single tax upon land and argued for a “moderate application of the principle of site value taxation.”¹⁰² This became the general view of the Liberal Party after the turn of the century, and its departure from the core component of the ‘single-tax’ agenda meant that the Georgist principle would never be followed in full. Indeed, Liberals almost never connected the land tax issue to George for fear that such a connection would rekindle claims that they sought confiscation.

⁹⁴ “Municipal Socialism,” *Quarterly Review*, Vol. 205, no. 409 (October 1906), 420.

⁹⁵ *Ibid.*, 435.

⁹⁶ W.G. Towler, *Socialism in Local Government* (New York: Macmillan, 1909), 31.

⁹⁷ *Ibid.*, 232.

⁹⁸ *Ibid.*, 245.

⁹⁹ Lawrence, *Henry George in the British Isles*, 120.

¹⁰⁰ *Ibid.*, 119.

¹⁰¹ *Land Values*, January, 1903; quoted in Lawrence, *Henry George in the British Isles*, 120-121.

¹⁰² *Glasgow Daily Record and Mail*, January 28, 1904; quoted in Lawrence, *Henry George in the British Isles*, 121.

The Liberal Party supported the land tax in its 1906 campaign, issuing pamphlets that stated land would be available for use at lower prices and that the tax was connected with the party's support of free trade. To free traders, in particular, the land tax offered a means of making up the fiscal deficit that would come as duties on imports were eliminated.¹⁰³ Liberal politics were also informed by the need to acknowledge the claims of urban and agricultural workers in an electoral landscape in which organized labor was gaining an independent political footing. Conservative groups, including the Liberty and Property Defence League, were more willing to identify land tax proposals with Henry George and readily associated the tax with the Liberal Party's willingness to engage in 'confiscation.'¹⁰⁴ Lawrence, however, writes that the Conservative Party as a whole remained relatively quiet regarding the issue of land – likely as a result of the plethora of groups that supported the proposal in some form running up to the 1906 election and the party's unwillingness to alienate them.¹⁰⁵ After 1906, however, when the Liberal Party had taken the reins of government and the prospect that the enactment of even a modest tax upon land could eventually mean a complete tax (20 shillings on the pound), the Conservative Party found its footing, ultimately leading to a showdown over the People's Budget of 1909.

Once in office, the Liberals found that much of their program – aimed at satisfying a host of radical interests shaped over the course of the last 20 years – was blocked by the House of Lords. The Lords had become a bastion of Conservative power and the political check upon the Liberal-dominated House of Commons. After successive vetoes, the Land Values (Scotland) Bill was accepted but altered beyond recognition by the Lords in 1908.¹⁰⁶ The failure to surmount the power of the Lords only added to Liberal disappointments on issues including education, Welsh Disestablishment and Irish Home Rule. The Liberals decided that the time to do battle had come and planned for the inclusion of land taxes in a budget bill; budget bills by tradition were beyond the reach of a House of Lords veto. If the Lords, who were now worried about the potential threat of land taxation, rejected the budget bill, the Liberals would garner widespread support for reform of the House of Lords.

The Liberal Chancellor of the Exchequer David Lloyd George had been inspired by the ideas of Henry George, Chamberlain and others as a young politician and now introduced the budget of 1909 complete with taxes on land.¹⁰⁷ His terms were modest: twenty percent on the unearned increment drawn from the sale of land (set on a baseline 1909 evaluation) and a half-penny on the pound tax on the capital value of undeveloped land and minerals (agricultural land not to be included).¹⁰⁸ The 'People's Budget,' as it would become known, offered the Liberals a means of financing both their old-age pensions and the escalating naval race with Germany. The ensuing debate over the bill was a political cauldron within which the Liberal government argued that a narrow-minded aristocracy in the Lords ought not to have control over the fate of the nation. That same aristocracy charged the Government with having introduced the first in a

¹⁰³ Lawrence, *Henry George in the British Isles*, 122.

¹⁰⁴ *Ibid.*, 124.

¹⁰⁵ *Ibid.*, 125.

¹⁰⁶ *Ibid.*, 133.

¹⁰⁷ For a valuable digest of the information the Government collected on land value taxation, see *Taxation of Land, &c.: Papers bearing on Land Taxes and on Income Tax, &c., in certain Foreign Countries, and on the Working of Taxation of Site Values in certain Cities of the United States and in British Colonies, together with Extracts relative to Land Taxation and Land Valuation from Reports of Royal Commissions and Parliamentary Committees* (London: HMSO, 1909).

¹⁰⁸ Lawrence, *Henry George in the British Isles*, 137.

series of measures that would ultimately destroy all rights in landed and capital property in Britain. George and his ideas were either ridiculed or praised in Commons debate. After the Lords rejected the bill, a parliamentary election in early 1910 reaffirmed the Liberals' support in the nation (though by a thin margin) and the Budget was passed. The political crisis spawned by the 'People's Budget' was not over, however, and after the passing of one monarch and another election in late 1910, the Parliament Act of 1911 reduced the remaining veto power of the House of Lords to at maximum a two-year suspended veto.

Land taxes had played a critical role in one of the decisive moments in twentieth-century British political history and were now a part of the nation's financial policy. Yet, for many supporters of both municipal activity and Georgist taxation, there was much more to be done – namely the continued expansion of national land tax initiatives and the transfer of local tax burdens from improvements (buildings, factories, etc.) to land itself. In addition, municipal supporters sought an immediate increase in the national government's support of local responsibilities including education and poor relief. In April, 1911, the Treasury announced the creation of the Departmental Committee on Local Taxation to study questions related to local finance.¹⁰⁹ Land tax proponents were heartened that a number of committee members were supporters of land taxes, but continued to put pressure on both Lloyd George and the prime minister, Henry Herbert Asquith, to throw their support behind expanded land taxation. In its Annual Report of 1911-1912, the United Committee for the Taxation of Land Values reported favorably on a visit a deputation had made to Lloyd George and Asquith regarding land values taxation.¹¹⁰ In June of 1912, Lloyd George formed a Land Enquiry Committee to study issues including land valuation and housing.¹¹¹

Over the next two years, the Liberal leadership would be anything but firm in its commitment to expanded land taxes. Asquith and Lloyd George denied the Conservative accusation that they supported a 'single tax,' and sought to portray themselves as seeking land taxes not to confiscate land, but to alleviate suffering.¹¹² Nonetheless, land tax supporters held out hope that the Liberal Party would boldly embrace a program of land taxation. Their presence could hardly be overlooked when E.G. Hemmerde and R.L. Outhwaite won Liberal seats as land tax supporters in 1912.¹¹³ The rhetoric of land tax supporters was sharply rebuked by Conservative politicians who argued their case through The Land Union, an organization dedicated to defending landowners against, "Fabians, Henry Georgites, Socialists, and others."¹¹⁴ They attacked any failings they witnessed in the valuation then underway to meet the terms of the 1909-1910 act, and accused Lloyd George of taking yet another step in the direction of full-fledged socialism. The process of land valuation was indeed only partially complete by June of 1912 and its opponents readily combined attacks on the efficiency of administration with attacks on the 'Georgist' underpinnings of the policy. In reporting on the annual meeting of the United Committee for the Taxation of Land Values, the anti-socialist London Municipal Society wrote in one of its publications:

¹⁰⁹ Ibid., 153.

¹¹⁰ *London Municipal Notes*, No. 89, September-October, 1912, 330. The *London Municipal Notes*, published by the anti-socialist London Municipal Society, kept tabs on the meetings and statements of opponent organizations.

¹¹¹ Packer, 83. This committee did not have official connections to either the Liberal Party or the Government, but was charged simply with helping Lloyd George to formulate ideas and policy.

¹¹² See Lawrence, *Henry George in the British Isles*, chap. 12.

¹¹³ Packer, 96-97. Outhwaite eagerly argues the merits of land taxation in *The Essential Reform: Land Values Taxation in Theory and Practice*. London: Sidgwick and Jackson, Ltd., 1909.

¹¹⁴ Lawrence, *Henry George in the British Isles*, 156.

That the gospel taught is still the gospel of Henry George, of which the modern Mahomet is Mr. Lloyd George, is demonstrated in the Report, which refers (*inter alia*) to “the ever-fresh and stirring lectures by Henry George,” and to the fact that more than 750 students ‘under capable teachers have learned the truths so clearly stated in ‘Progress and Poverty.’”¹¹⁵

Despite the Government’s reluctance to make its stand on land values clear, Georgist supporters in the House of Commons drew up a ‘Memorial’ in 1910 which pressed the Government to make revenue from land values available for public purposes, to release industry from the burden of taxation, and to work to bring more land in to cultivation while ending various duties on food. The ‘Memorial’ garnered widespread support including that of the National Liberal Federation and the Scottish Liberal Council.¹¹⁶ Nonetheless, there seems to have been some trepidation about the direction of land values taxation, and its probable effects upon urban areas, among municipal supporters. *The Municipal Journal*, traditionally a strong supporter of the endeavors of municipal government, wrote in July of 1912 that there seemed to be a danger that municipal bodies would lose control of the value they had helped to create if certain proposals for land values taxation were enacted. It pointed specifically to statements Hemmerde had made during his parliamentary campaign in which he said that taxes collected locally might be used for services of a national character such as education, asylums, poor relief etc. *The Journal* took no issue that these services, traditionally paid for by local funds, were of a national character, yet it objected to the notion that the administration of funds could be removed from local control.¹¹⁷ Such disputes were indicative that significant battles over land values taxation were now often fought over administrative issues.

In March of 1913, *The Municipal Journal* lamented that even as the financial pressures upon local government increased, Lloyd George dragged his feet in offering a remedy.¹¹⁸ After a substantial wait, Lloyd George finally set forth governmental policy regarding land in a speech in October of 1913, but did not make mention of the taxation of land values at all. He made proposals that called for an end to the monopoly on land and pressed for the improvement of the position of tenant farmers.¹¹⁹ In addition, there was little that pertained to urban areas. Although state power would be used in both the purchase of land and other financial undertakings associated with the scheme, Lloyd George did not mention land taxes once. Lloyd George took political heat from both Georgist supporters and their opponents and until the outbreak of World War I, the Liberal Party would be rent by divisions over the issue of land tax. In a speech in Scotland in February of 1914, he acknowledged that land must be made to support social reform, but made no specific policy pledge.¹²⁰ A few months later in April, however, he did seem prepared to engage a wider land values rating scheme as he announced that the next Revenue Bill would clarify policies of land value rating and that new provisions would be put in place for

¹¹⁵ *London Municipal Notes*, No. 89, September-October 1912, p. 330.

¹¹⁶ Lawrence, *Henry George in the British Isles*, 159.

¹¹⁷ *The Municipal Journal*, July 13, 1912, 854.

¹¹⁸ *The Municipal Journal*, March 14, 1913, 335.

¹¹⁹ Lawrence, *Henry George in the British Isles*, 155.

¹²⁰ *Ibid.*, 163.

national support in the relief of local rates.¹²¹ At the same time the results of the Land Enquiry Committee, supporting land values taxation, were made public.¹²²

World War I, however, was to end the hopes of all those who felt that Lloyd George had now come to round to embracing their hopes for land tax support of local government. Political support for land values taxation trailed off during the war and in the context of the general electoral truce, supporters were only able to fight defensive actions against conservative attempts to stymie the 1909-1910 provisions already in place. Instead of bringing new enthusiasm, as many supporters had hoped, the end of the war only meant Lloyd George's disavowal of plans for further land value taxation. His postwar Liberal-Conservative coalition government was dominated by Conservatives and the final defeat for all attempts at land value taxation came on July 14, 1920. Clause 49 of the Finance Bill of that year stated:

As from the commencement of the Act the Land Values Duties shall cease to be chargeable, and the obligation of the commissioners of Inland Revenue, under the section 26 of the Finance Act of 1910 to cause a valuation to be made of all land in the United Kingdom, shall cease.¹²³

Thus, the drive by municipal authorities to institute land values taxation, many of them having been inspired by the words of Henry George decades earlier, collapsed after World War I. The collapse was brought on by the desire of political opponents to preserve traditional rights to ownership of land and an unwillingness among the new champions of the political left – the Labour Party – to place the taxation of land values at the forefront of their quest for a socialist state. As Labour's star rose at mid-century, the ideas of Henry George were hardly revived.

Conclusion

The study of municipal socialism, however, represents a critical area within which to explore the impact of Henry George in the late nineteenth and early twentieth centuries. His writings upon questions of land and taxation in the United Kingdom, as well as his speaking tours, offered him public recognition and a critical place within the debates then being carried on regarding the fate of land ownership and tenant rights, housing, unemployment, health and sanitation, and the role of national and local government in alleviating the problems of rapidly growing cities and towns.

These debates encompassed broad issues of rights in land and the growth of the state. And here municipal authority proved to be the early nexus of conflict. The basic structure of municipal government for most cities and towns had been set in place in 1835 (1889 for London), and by the 1840s municipal officials were contemplating the steps that might be taken to alleviate the worst conditions brought on by the industrial revolution. Their steps almost immediately included efforts to alleviate dilapidated housing and to provide some basic control over the natural monopolies of gas and water. These steps asserted the power of the community to secure public benefits in the face of the failures of private enterprise. Less easy to overcome, however, was the question of the monopoly of land. The critical connections between questions of land and municipal authority were demonstrated early on as Joseph Chamberlain, the spokesman for municipal socialism in the 1870s, was among the first to warn ground landlords that they would be expected to help pay for the emerging costs of social reform.

¹²¹ *Ibid.*, 164.

¹²² The results of the Land Enquiry Committee are detailed in Packer, *Lloyd George, Liberalism and the Land*, chaps. 4-5.

¹²³ Lawrence, *Henry George in the British Isles*, 166.

Examination of municipal socialism reveals much about the strengths and limitations of Georgist thought as it affected debates over social reform in the late nineteenth and early twentieth centuries. George's primary connections were with socialist political and intellectual leaders. Both he and they sought mechanisms by which land and capital might be made to better serve the interests of the community. Both sought economic and social justice, but George's conviction that the freeing of the monopoly of land would liberate the forces of capitalism by which all might benefit clashed with the socialist notion that capital accumulation itself represented an oppressive structure that must be attacked. George remained suspicious of the state-centered action by which most socialists sought to carry out their actions. His proposal for a 'single tax' envisioned a government that, having simplified its responsibilities to focus on the collection and distribution of the single tax, would find itself relatively free from the corruption tendered by special interests. He did suggest that it might focus its energies upon the provision of a variety of public goods and services that would enhance life. Yet, at the same time, he worried about the extension of government control into areas that were properly the preserve of private enterprise. Here, he acknowledged that government could have a stultifying effect on individual freedom and risked fostering corruption. Given the nature of municipal socialism, with the myriad different areas into which it might enter (with widely varying prospects for profits and administrative efficiency), George's pronouncements about the proper line between government and private enterprise remain vague and problematic. However, at the turn of the century, most municipal corporations in Britain focused their energies upon the provision of water, gas, and municipal tramways, areas in which it seems likely that George would have seen cooperative interests. Nonetheless, the limits he set on the sphere of governmental responsibility might well have been breached by policies such as the London County Council's Works Department and its direct employment of labor.

Most municipal socialists never embraced the idea of a 'single tax' along Georgist lines, and most advocated some form of a combination of taxation on both land and capital. The departure from the Georgist line reflected the limited degree to which Henry George's philosophy was taken up in its entirety by politicians throughout Britain. Nonetheless, the Georgist impact has always been seen in terms of the degree to which it affected or modified the terms of political argument in Britain. Municipal leaders, many drawn from a radical liberal or socialist background, absorbed George's ideas and came to understand the importance of land values taxation as a basis for social reform in Britain. Most stopped short of considering the single tax a solution for social reform, but Georgist ideas, both moral and economic, affected their arguments through the early twentieth century. Georgist language became a definite liability in the battle to institute modest land value taxation in the early twentieth century, but despite the rhetoric of municipal opponents (who were the most ready to point a finger at 'Henry Georgism') his ideas continued to gird the moral and theoretical arguments of those who argued for land values taxation. Thus, between 1870 and 1914, George's moral and economic arguments had an important effect in shaping discourse over the emergence of municipal socialism in Britain.