

The monopoly of the land gone, there need be no fear of large fortunes. For then the riches of any individual must consist of wealth, properly so-called—of wealth, which is the product of labor, and which constantly tends to dissipation, for national debts, I imagine, would not long survive

the abolition of the system from which they spring. All fear of great fortunes might be dismissed, for when every one gets what he fairly earns, no one can get more than he fairly earns. How many men are there who fairly earn a million dollars?

Questions

1. According to George's plan, on what basis or terms would new wealth be created?
2. What economic developments of the late nineteenth century influenced George's proposal?
3. How would George's "remedy" affect the laborer, the farmer, and the wealthy capitalist?

17-3 The Gospel of Wealth (1889)

Andrew Carnegie

Andrew Carnegie (1835-1919) was unusual among America's business leaders in that he was an immigrant of humble origins. Carnegie was a firm believer in the "law of competition," and although he recognized that "the law may be hard for the individual," he nevertheless believed that "it is best for the race, because it ensures the survival of the fittest in every department." However, like Henry George (Document 17-2), Carnegie was deeply concerned about the growing divide in America between the rich and the poor. As one of the country's great creators of wealth, Carnegie did not question the underlying economic system that concentrated wealth in the hands of the few, but he argued that the wealthy had a duty to properly administer their money to "produce the most beneficial results for the community."

Source: Excerpt from Andrew Carnegie, "The Gospel of Wealth," in *The Gospel of Wealth and Other Timely Essays* (1889), 7-19.

We start, then, with a condition of affairs under which the best interests of the race are promoted, but which inevitably gives wealth to the few. Thus far, accepting conditions as they exist, the situation can be surveyed and pronounced good. The question then arises,—and if the foregoing be correct, it is the only question with which we have to deal,—What is the proper mode of administering wealth after the laws upon which civilization is founded have thrown it into the hands of the few? And it is of this great question that I believe I offer the true solution. It will be understood that fortunes are here spoken of, not moderate sums saved by many years of effort, the returns from which are required for the comfortable maintenance and education of families. This is not wealth, but only competence, which it should be the aim of all to acquire, and which it is for the best interests of society should be acquired.

There are but three modes in which surplus wealth can be disposed of. It can be left to the families of the decedents; or it can be bequeathed for public purposes; or, finally, it can be administered by its possessors during their lives. Under

the first and second modes most of the wealth of the world that has reached the few has hitherto been applied. Let us in turn consider each of these modes. The first is the most injudicious. In monarchical countries, the estates and the greatest portion of the wealth are left to the first son, that the vanity of the parent may be gratified by the thought that his name and title are to descend unimpaired to succeeding generations. The condition of this class in Europe to-day teaches the failure of such hopes or ambitions. The successors have become impoverished through their follies, or from the fall in the value of land. Even in Great Britain the strict law of entail has been found inadequate to maintain an hereditary class. Its soil is rapidly passing into the hands of the stranger. Under republican institutions the division of property among the children is much fairer; but the question which forces itself upon thoughtful men in all lands is, Why should men leave great fortunes to their children? If this is done from affection, is it not misguided affection? Observation teaches that, generally speaking, it is not well for the children that they should be so burdened. Neither is it well for the State.

Beyond providing for the wife and daughters moderate sources of income, and very moderate allowances indeed, if any, for the sons, men may well hesitate; for it is no longer questionable that great sums bequeathed often work more for the injury than for the good of the recipients. Wise men will soon conclude that, for the best interests of the members of their families, and of the State, such bequests are an improper use of their means.

It is not suggested that men who have failed to educate their sons to earn a livelihood shall cast them adrift in poverty. If any man has seen fit to rear his sons with a view to their living idle lives, or, what is highly commendable, has instilled in them the sentiment that they are in a position to labor for public ends without reference to pecuniary considerations, then, of course, the duty of the parent is to see that such are provided for in moderation. There are instances of millionaires' sons unspoiled by wealth, who, being rich, still perform great services to the community. Such are the very salt of the earth, as valuable as, unfortunately, they are rare. It is not the exception, however, but the rule, that men must regard; and, looking at the usual result of enormous sums conferred upon legatees, the thoughtful man must shortly say, "I would as soon leave to my son a curse as the almighty dollar," and admit to himself that it is not the welfare of the children, but family pride, which inspires these legacies.

As to the second mode, that of leaving wealth at death for public uses, it may be said that this is only a means for the disposal of wealth, provided a man is content to wait until he is dead before he becomes of much good in the world. Knowledge of the results of legacies bequeathed is not calculated to inspire the brightest hopes of much posthumous good being accomplished by them. The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted. In many cases the bequests are so used as to become only monuments of his folly. It is well to remember that it requires the exercise of not less ability than that which acquires it, to use wealth so as to be really beneficial to the community. Besides this, it may fairly be said that no man is to be extolled for doing what he cannot help doing, nor is he to be thanked by the community to which he only leaves wealth at death. Men who leave vast sums in this way may fairly be thought men who would not have left it at all had they been able to take it with them. The memories of such cannot be held in grateful remembrance, for there is no grace in their gifts. It is not to be wondered at that such bequests seem so generally to lack the blessing.

The growing disposition to tax more and more heavily large estates left at death is a cheering indication of the growth of a salutary change in public opinion. The State of Pennsylvania now takes—subject to some exceptions—one tenth of the property left by its citizens. The budget presented in the British Parliament the other day proposes to increase the death duties; and, most significant of all, the new tax is to be a graduated one. Of all forms of taxation this seems the wisest. Men who continue hoarding great sums all

their lives, the proper use of which for public ends would work good to the community from which it chiefly came, should be made to feel that the community, in the form of the State, cannot thus be deprived of its proper share. By taxing estates heavily at death the State marks its condemnation of the selfish millionaire's unworthy life.

It is desirable that nations should go much further in this direction. Indeed, it is difficult to set bounds to the share of a rich man's estate which should go at his death to the public through the agency of the State, and by all means such taxes should be graduated, beginning at nothing upon moderate sums to dependants, and increasing rapidly as the amounts swell, until of the millionaire's hoard, as of Shylock's, at least

The other half

Comes to the privy coffer of the State.

This policy would work powerfully to induce the rich man to attend to the administration of wealth during his life, which is the end that society should always have in view, as being by far the most fruitful for the people. Nor need it be feared that this policy would sap the root of enterprise and render men less anxious to accumulate, for, to the class whose ambition it is to leave great fortunes and be talked about after their death, it will attract even more attention, and, indeed, be a somewhat nobler ambition, to have enormous sums paid over to the State from their fortunes.

There remains, then, only one mode of using great fortunes; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony, another ideal, differing, indeed, from that of the Communist in requiring only the further evolution of existing conditions, not the total overthrow of our civilization. It is founded upon the present most intense Individualism, and the race is prepared to put it in practice by degrees whenever it pleases. Under its sway we shall have an ideal State, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good; and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if distributed in small sums to the people themselves. Even the poorest can be made to see this, and to agree that great sums gathered by some of their fellow-citizens and spent for public purposes, from which the masses reap the principal benefit, are more valuable to them than if scattered among themselves in trifling amounts through the course of many years. . . .

Poor and restricted are our opportunities in this life, narrow our horizon, our best work most imperfect; but rich men should be thankful for one inestimable boon. They have it in their power during their lives to busy themselves in organizing benefactions from which the masses of their fellows will derive lasting advantage, and thus dignify their own lives. The highest life is probably to be reached, not by such imitation of the life of Christ as Count Tolstoi gives us, but,

while animated by Christ's spirit, by recognizing the changed conditions of this age, and adopting modes of expressing this spirit suitable to the changed conditions under which we live, still laboring for the good of our fellows, which was the essence of his life and teaching, but laboring in a different manner.

This, then, is held to be the duty of the man of wealth: To set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer, doing for them better than they would or could do for themselves.

We are met here with the difficulty of determining what are moderate sums to leave to members of the family; what is modest, unostentatious living; what is the test of extravagance. There must be different standards for different conditions. The answer is that it is as impossible to name exact amounts or actions as it is to define good manners, good taste, or the rules of propriety; but, nevertheless, these are verities, well known, although indefinable. Public sentiment is quick to know and to feel what offends these. So in the case of wealth. The rule in regard to good taste in the dress of men or women applies here. Whatever makes one conspicuous offends the canon. If any family be chiefly known for display, for extravagance in home, table, or equipage, for enormous sums ostentatiously spent in any form upon itself—if these be its chief distinctions, we have no difficulty in estimating its nature or culture. So likewise in regard to the use or abuse of its surplus wealth, or to generous, free-handed coöperation in good public uses, or to unabated efforts to accumulate and hoard to the last, or whether they administer or bequeath. The verdict rests with the best and most enlightened public sentiment. The community will surely judge, and its judgments will not often be wrong.

The best uses to which surplus wealth can be put have already been indicated. Those who would administer wisely must, indeed, be wise; for one of the serious obstacles to the improvement of our race is indiscriminate charity. It were better for mankind that the millions of the rich were thrown into the sea than so spent as to encourage the slothful, the drunken, the unworthy. Of every thousand dollars spent in so-called charity to-day, it is probable that nine hundred and fifty dollars is unwisely spent—so spent, indeed, as to produce the very evils which it hopes to mitigate or cure. A well-known writer of philosophic books admitted the other day that he had given a quarter of a dollar to a man who approached him as he was coming to visit the house of his friend. He knew nothing of the habits of this beggar, knew not the use that would be made of this money, although he

had every reason to suspect that it would be spent improperly. This man professed to be a disciple of Herbert Spencer; yet the quarter-dollar given that night will probably do more injury than all the money will do good which its thoughtless donor will ever be able to give in true charity. He only gratified his own feelings, saved himself from annoyance—and this was probably one of the most selfish and very worst actions of his life, for in all respects he is most worthy.

In bestowing charity, the main consideration should be to help those who will help themselves; to provide part of the means by which those who desire to improve may do so; to give those who desire to rise the aids by which they may rise; to assist, but rarely or never to do all. Neither the individual nor the race is improved by almsgiving. Those worthy of assistance, except in rare cases, seldom require assistance. The really valuable men of the race never do, except in case of accident or sudden change. Every one has, of course, cases of individuals brought to his own knowledge where temporary assistance can do genuine good, and these he will not overlook. But the amount which can be wisely given by the individual for individuals is necessarily limited by his lack of knowledge of the circumstances connected with each. He is the only true reformer who is as careful and as anxious not to aid the unworthy as he is to aid the worthy, and, perhaps, even more so, for in almsgiving more injury is probably done by rewarding vice than by relieving virtue.

The rich man is thus almost restricted to following the examples of Peter Cooper, Enoch Pratt of Baltimore, Mr. Pratt of Brooklyn, Senator Stanford, and others, who know that the best means of benefiting the community is to place within its reach the ladders upon which the aspiring can rise—free libraries, parks, and means of recreation, by which men are helped in body and mind; works of art, certain to give pleasure and improve the public taste; and public institutions of various kinds, which will improve the general condition of the people; in this manner returning their surplus wealth to the mass of their fellows in the forms best calculated to do them lasting good.

Thus is the problem of rich and poor to be solved. The laws of accumulation will be left free, the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor, intrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. The best minds will thus have reached a stage in the development of the race in which it is clearly seen that there is no mode of disposing of surplus wealth creditable to thoughtful and earnest men into whose hands it flows, save by using it year by year for the general good. This day already dawns. Men may die without incurring the pity of their fellows, still sharers in great business enterprises from which their capital cannot be or has not been withdrawn, and which is left chiefly at death for public uses; yet the day is not far distant when the man who dies leaving behind him millions of available wealth, which was free for him to administer during life, will pass away "unwept, un-

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Justin Smith Morrill

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honored, and unsung," no matter to what uses he leaves the dross which he cannot take with him. Of such as these the public verdict will then be: "The man who dies thus rich dies disgraced."

Such, in my opinion, is the true gospel concerning wealth, obedience to which is destined some day to solve the problem of the rich and the poor, and to bring "Peace on earth, among men good will."

Questions

1. According to Carnegie, how should the wealth of the rich be redistributed to the poor?
2. What distinction did Carnegie make between philanthropy—that is, his gospel of wealth—and the charity that he saw practiced?
3. What are some of the lasting contributions that Carnegie made to American society?

17-4 On the Origin of the Land-Grant College Act (c. 1874)

Justin Smith Morrill

A Vermonter and son of a blacksmith, Justin Smith Morrill (1810–1898) was a congressman best known for legislation that bears his name, the Morrill Act, which was signed into law by Abraham Lincoln on July 2, 1862. Although Morrill himself did not enjoy the benefits of a university education, the act was to provide the sons of farmers and workers of limited means with access to a national system of land-grant colleges, but one controlled and administered entirely at the state level. The measure was to be paid for with proceeds from the sale of public lands (each state was entitled to 30,000 acres for each member of its congressional delegation). The act helped to expand and democratize higher education and was one of a number of important factors in the rapid modernization of the U.S. economy in the last quarter of the nineteenth century. The following document is from Morrill's 1874 recollection of the origin and purpose of this landmark legislation.

Source: Excerpt from William B. Parker, "The Land-Grant College Acts" (1874).

The idea of obtaining a land grant for the foundation of colleges I think I had formed as early as 1856. I remember to have broached the subject to Hon. William Hebard, the former member of Congress from the 2d District, and he observed that such a measure would be all very well, but that of course I could not expect it to pass. Where I obtained the first hint of such a measure, I am wholly unable to say. Such institutions had already been established in other countries and were supported by their governments, but they were confined exclusively to agriculture, and this for our people, with all their industrial aptitudes and ingenious inventions, appeared to me unnecessarily limited. If the purpose was not suggested by the well-known fact of the existence of Agricultural Schools in Europe it was supported by this fact and especially by constant reflections upon the following points, viz.:

First, that the public lands of most value were being rapidly dissipated by donations to merely local and private

objects, where one State alone might be benefited at the expense of the property of the Union.

Second, that the very cheapness of our public lands, and the facility of purchase and transfer, tended to a system of bad-farming or strip and waste of the soil, by encouraging short occupancy and a speedy search for new homes, entailing upon the first and older settlements a rapid deterioration of the soil, which would not be likely to be arrested except by more thorough and scientific knowledge of agriculture and by a higher education of those who were devoted to its pursuit.

Third, being myself the son of a hard-handed blacksmith, the most truly honest man I ever knew, who felt his own deprivation of schools (never having spent but six weeks inside of a schoolhouse), I could not overlook mechanics in any measure intended to aid the industrial classes in the procurement of an education that might exalt their usefulness.