Public Discourse on Federal Income Taxation, 1861-1900

Sergio Rojas

An Honors Thesis submitted to the History Department of Rutgers,
The State University of New Jersey

Written under the supervision of Professor Jamie Pietruska

April 2015
# Table of Contents

Acknowledgments ......................................................................................................................... iii

Introduction ..................................................................................................................................... 1

Chapter 1: The Income Tax as a Wedge Issue During the Civil War ................................. 11

Chapter 2: Henry George’s Single Tax as Precedent for Taxation as a Tool for Wealth Redistribution ................................................................................................................ 23

Chapter 3: Populist Sentiment Reenergizes the Income Tax Debate ............................... 37

Chapter 4: Late 1890s Income Tax Discourse in the Face of Conservative Resistance .... 48

Conclusion ....................................................................................................................................... 58

Bibliography ................................................................................................................................. 62
Acknowledgements

After a long year of reading, research and writing, this difficult yet rewarding process has come to an end. It is a bittersweet feeling, to say the least. Many thanks are due to many people, and I will try to encompass them all here.

I'd like to thank all of my friends for being supportive of my efforts, and putting up with my many thesis-related excuses of why I couldn't hang out or go somewhere with them. My boyfriend, Chris Simons was also an invaluable supporter, believing in me every step of the way, and staying up with me until ungodly hours when I was writing chapter drafts, even though he didn't have to. My parents have always encouraged me to work hard and do my best, and this thesis was no exception. They were very actively interested in the ongoing status of my thesis and always offered to read and provide feedback, or help in any way they could.

Certain people didn't have a direct role in the crafting of this thesis, but nonetheless I am grateful to them for being influential in the path that lead here. My U.S. History I teacher sophomore year of high school, Anne Marie Gaccione, deserves special recognition. Although I've always been interested in history, I wasn't always passionate about studying it. If anyone had suggested studying history in college before I took Mrs. Gaccione's class, I would have told them no. When I performed rather poorly in her class the first marking period, she got tough with me. Mrs. Gaccione said I was intelligent and had potential, but that in order to succeed in class I actually had to study, and even worse...do my homework! My grades rebounded, and that spring she recommended I take U.S. History II at the Advanced Placement level the following year. Sadly, Mrs. Gaccione passed away in November 2013, but I hope this thesis is proof that
teachers can positively change the direction of their student’s lives. Christopher Henry, my teacher for AP U.S. History II, also merits thanks. Mr. Henry's class covered the historical periods which still interest me most today, the Gilded Age and Progressive Era, and he taught them in an engaging style. The Document Based Question exercises we did so many of to prepare for the AP exam were my first endeavors working with primary sources, and integrating them into my own prose to formulate an argument. Of course, all the wonderful professors I have had at the Rutgers History Department over the last four years, too many to succinctly name here, must be credited. Each one offered me a unique experience to learn, think critically, and fine-tune the skills that would eventually be needed to complete this thesis. Specifically, I’d like to recognize my seminar professor, Professor Paula Fass. Professor Fass's fall 2013 seminar on parents and children in American history offered me the opportunity to write a major research paper based on primary sources. I would have been wholly unprepared to undertake a 60 page honors thesis had Professor Fass's seminar and research paper not readied me first.

Last, but most importantly, my immeasurable gratitude is extended to my advisor, Professor Jamie Pietruska. Having taken two of Professor Pietruska's classes previously, and seeing just how much she cares for her students and the study of history, I knew she would be the right choice for an advisor. Professor Pietruska dedicated considerable time and effort to help guide me through all stages of this thesis. Whenever I was lost on where to look for a source, or how to shape an argument, she steered me in the right direction. Her office hours, remarks over e-mail, and actual comments on drafts always served the purpose of improving my thesis and making it the best it could be. Thank you Professor Pietruska, for all you've done, and for working on this with me for the past year—I quite literally couldn't have done it without you.
Introduction

In February 1863 a letter to the editor of the Milwaukee Daily Sentinel, signed merely “Memorialist,” appeared as a response to a previous letter-to-the-editor from “Laboring Farmer.” The subject of these published letters was the newly enacted Revenue Act of 1862, which established a graduated income tax for those making more than $600 and $10,000 a year annually, who would be taxed at rates of 3 percent and 5 percent, respectively. While Laboring Farmer opposed the new income tax, Memorialist was in favor of the new tax regime and appeared ready to defend it: “Now, I recommend that he put on his spectacles and read Sec. 91 of Internal Revenue Laws once more.”

Memorialist wryly suggested about Laboring Farmer. Further questioning the farmer’s ability to read properly, he explained the exact exemption levels of the 1862 law which Laboring Farmer evidently failed to comprehend and defended the equity of the tax. Memorialist’s reasoning for his strong defense was unclear in the letter. Was he an early believer in the power of income taxation as a vehicle for redistribution of wealth? Or was he an ardent Union loyalist who believed the tax should be paid in order to sustain the war effort? While we may not know his rationale for supporting these early income tax laws, the letter is still very telling in regards to the debates on income taxation that ordinary Americans had with each other during the nineteenth century. As evidenced by the disagreement between Laboring Farmer and Memorialist, the nation lacked a unified consensus regarding the income tax during the last four decades of the nineteenth century, and this lack of agreement on taxation persists to the present day. Opponents of the income tax like Laboring Farmer and tax advocates like Memorialist would continue to participate in public forums dedicated to the issue of

1 "Memorialist," Milwaukee Daily Sentinel (Milwaukee, WI), February 03, 1863.
America’s new graduated income tax, and these public forums make up an essential part of the history of the income tax which has been neglected by historians.

Major works I have studied on the subject of income taxation come from historians Sidney Ratner, Robert Stanley, W. Elliot Brownlee, and Ajay Mehrota. The historiography of income taxation has evolved over time based on what historians suggest we can learn from studying histories of income taxation. Ratner and the progressives write taxation histories to show the continuation between earlier progressive reforms and the New Deal era programs they supported. Stanley and centrist histories seek to demonstrate how income taxation, and indeed most social legislation is the work of legal institutions and the state as “gatekeepers” for certain classes. Brownlee’s comprehensive democratic institutionalist history seeks to find how an understanding of economic history can provide lessons for the government today on how to best implement fiscal policy. Lastly, Mehrota’s history serves to note how our modern fiscal institutions came to be in the first place, highlighting the role of academics and lawmakers in their creation.

Sidney Ratner's *Taxation and Democracy in America* (1967), a revision of an earlier work from 1942, is a seminal work in the history of taxation in America. Ratner worked in the tradition of progressive historians. Greatly inspired by President Franklin D. Roosevelt and his New Deal, the progressive historians viewed the income tax as part of one of the many successful reforms of the Progressive Era, and viewed the Progressive Era itself as neatly leading to the contemporary liberal reforms of the period in which they were writing (1940s and beyond). The affinity for income taxation by progressive historians such as Ratner is evident in the main tenets of *Taxation and Democracy in America*. Ratner's introductory chapter, "Taxation as a Social Force," lays out his argument that democracy can exist only when wealth and income
are properly distributed throughout society and not overly concentrated in one ruling class.\(^2\) For Ratner, income taxation is "pre-eminently fit"\(^3\) for upholding democracy when used as a social tool to redistribute wealth among the classes. According to Ratner, the American people worked for over a century and a half to achieve taxes that not only raised revenue, but also acted as "instruments of economic justice."\(^4\) That Ratner believes that income taxation was the result of a concerted century-long effort by “the people” in order to form a more equitable society, again underscores his progressive approach to history.

Robert Stanley’s *Dimensions of Law in the Service of Order: Origins of the Federal Income Tax, 1861-1913*, published in 1993, departs from the older progressive histories, such as Ratner’s. Stanley's account rejects the “dominant assumptions”\(^5\) of the older progressive histories, including the assumption that the state has less agency than social and reform movements.\(^6\) Stanley emphasizes the importance of law by making his principal historical actors the “centrist” lawmakers at both state and federal levels, and in both legislatures and courts. Centrism, as defined by Stanley, is a vision of government (legislatures and courts) as being the “gatekeepers”\(^7\) of allocations and how they are used and for whom. Centrism crosses party and regional lines to protect the capitalist class of late-nineteenth-century America from the forces of the political left.\(^8\) Stanley argues that the consensus and compromise embodied by centrism were far more important to the evolution and implementation of the income tax than any divergences or disagreements between groups of the time.

---

\(^3\) Ibid.  
\(^4\) Ibid, 9.  
\(^6\) Ibid, 10.  
\(^7\) Ibid, 12.  
\(^8\) Ibid, 13.
W. Elliot Brownlee describes his 2004 book *Federal Taxation in America* as taking a "democratic-institutionalist" approach, which he says departs from the early progressive histories, the "capitalist state" histories like Stanley’s, and the neoconservative interpretations. Democratic-institutionalism stresses the role of government and political structures, and underscores historical events like national emergencies in shaping ideas about tax reform. Brownlee stresses the importance of historical crises in the creation of past "tax regimes." For example, Brownlee argues that the ratification of the 16th Amendment and subsequent income tax law "did not produce a dramatic change," and instead a new tax regime emerged only with U.S. entry into World War I. Brownlee views tax regimes as "emergency born."

While Ratner's history of income taxation was written in the shadow of the New Deal, and thus praises the income tax as part of a long democratic march towards social progress and justice, Brownlee's democratic-institutionalist approach takes place in the mid-1990s as a response to calls for tax reform from the new generation of congressional Republicans, and Brownlee’s 2004 reprinted edition was released just after the 2001 and 2003 tax cuts enacted by President George W. Bush. Brownlee’s book first traces the history of the emergence of past tax regimes born out of national emergencies, and then shows how the proposals for tax overhaul of the 1990s and the laws of the early 2000s differ significantly from the past.


---

9 W Brownlee, *Federal Taxation in America*, 266. Brownlee says neoconservative interpretations of the income tax came about in the 1980s, arguing that the state had been seized by labor and agrarian reform special interests that wanted an income tax, which is essentially the opposite of what Stanley and the corporate liberalism school argues.

10 Ibid, 266-267.


12 Ibid, 7.

13 Ibid, 2.
taxation. Mehrota aims to tell the story of the shift from the "old fiscal order" to the beginnings of the "modern American fiscal state" without "reproducing the linear and teleological narrative of progressive historiography"\textsuperscript{14} and without overemphasizing the importance of "structural forces" and "centrism." Instead, Mehrota stresses the role of law and legal professionals, as well as economists, intellectuals and reformers, in bringing about a "conceptual revolution"\textsuperscript{15} on taxation that ushered in a paradigm shift from the "benefits theory" to the "ability to pay theory." The "benefits theory" was a “Victorian theory of individualism and laissez-faire political economy,” in which an individual’s economic commitment to the state depended solely on the benefits he received from the state.\textsuperscript{16} Essentially, no matter how much wealth one actually had, in theory, one’s tax burden would only be related to benefit from the state. The “ability to pay” theory turned the benefits theory on its head. Instead, those who had the most wealth would have to pay more to the state in taxes, thus redistributing wealth and shifting the fiscal burden. The principal historical actors in formulating and popularizing the ability to pay theory for Mehrota are jurists, policy makers, and academic economists, including: Judge Thomas M. Cooley, a jurist who wrote an early treatise on taxation; Edwin R.A. Seligman, a progressive economist from Columbia; Henry Carter Adams, an economist who was an early proponent of progressive income taxes as a substitute for the protective tariff; and Richard T. Ely, founder of the American Economic Association.

In his introduction, Mehrota engages with previous historical approaches while explaining the history of the progressive income tax. Addressing the "functional demand" theory (or as Brownlee would call it, democratic-institutionalist) Mehrota identifies the dominant

\textsuperscript{15} Ibid, 9.
\textsuperscript{16} Ibid, 10.
historical actors in this approach as the wars and crises themselves. While acknowledging that the demands for more revenue arising from war and economic depressions were catalysts\textsuperscript{17} for change, Mehrota critiques this view as "overly deterministic"\textsuperscript{18} and notes that it largely ignores social and political reform movements, as well as the work of intellectuals and lawmakers. The "corporate liberalism" school of thought espoused by Stanley, among others, views progressive measures such as the income tax as a conservative effort to quell more radical reforms, and places special emphasis on the state and "centrist" lawmakers as principal historical actors. Mehrota believes that again the efforts of reformers and intellectuals are obscured by taking this approach. Lastly, in regards to the earlier progressive histories of Ratner and others, Mehrota agrees with the notion that the adoption of the federal income tax laid the groundwork for the liberal economic programs of later decades, but he disagrees with the "linear and teleological" narrative of the early progressive histories. Although Mehrota critiques previous approaches, he still maintains that parts of their explanations are useful in examining the history of progressive taxation. Mehrota acknowledges that broad structural forces and events \textit{did} drive the income tax movement, more radical redistribution proposals \textit{were} "domesticated,"\textsuperscript{19} and progressive tax reform \textit{was} an underpinning for later government policies.

This senior thesis will contribute to the overall historiography of the income tax by examining sources that for the most part have not been taken into account by historians: the voices of ordinary, non-elite Americans and the popular discourses on income taxation that they produced. Unlike Mehrota and Stanley, I will not base my argument on what jurists and lawmakers said and wrote. Most ordinary Americans of the late nineteenth and early twentieth centuries did not read about taxation in legal opinions. Instead, they might have relied on sources

\textsuperscript{17} Mehrota, \textit{Making the Modern American Fiscal State}, 25.
\textsuperscript{18} Ibid, 24.
\textsuperscript{19} Ibid, 4.
such as their local newspaper to read about the merits or problems of instituting an income tax. When ordinary Americans decided to write about their thoughts on income taxation, they likewise did not turn to academic journals centered on economics and political science, but rather wrote letters to the editor of local newspapers and other periodicals that were accessible to the common citizen. Unlike Ratner’s progressive view of income taxation history, I will not argue the first income tax laws were part of a mass democratic struggle amongst “the people” spanning all of American history. While inarguably a part of the Progressive Era reforms, there was no united consensus amongst ordinary Americans that the income tax was desirable as a way to reclaim power over “the interests.” Similarly, Brownlee’s explanation of “emergency born” taxation only fits in with this thesis that in times of emergency average Americans tailored their discourse on taxation to the current emergency (e.g. Panic of 1893), but they were simply continuing an ongoing discourse on taxation, rather than starting it up in times of trouble.

This thesis will argue that the discourse of ordinary Americans on taxation had a very personal language to it. Ordinary Americans were not overly focused on the constitutional limitations or economic theories of taxation, as were academics, economists and jurists. Instead, ordinary Americans discussed how income taxation would affect them and their local communities. Was income taxation an unfair burden to the owners of small farms or town merchants? Could income taxation alleviate the economic burdens on commodity prices due to the tariff? Was the income tax just a distraction from more meaningful reforms that could be instituted to help the average worker and his family get ahead in society? Income taxation was debated and discussed primarily in terms of how it would benefit or hurt one’s livelihood and economic well-being. Obviously there is some overlap. Intellectual elites surely took into consideration the effects of taxation on the lives of everyday people. Similarly, it would be
wrong to say that individuals outside the legal and academic professions were completely uninformed in questions of constitutionality of income taxation. While they weren’t trained as jurists to interpret the law professionally, ordinary Americans could still have a non-professional interpretation of the issue. Regardless, the constitutionality of income tax laws and their place in the legal world were not quotidian concerns for average Americans. The argument that average Americans spoke about income taxation on how it would affect them, their families, and their communities is backed up by research and examination into newspaper and periodicals. These publications do not, however, back up any consistent or concrete opinion over income taxation at any point in time. Just as it would be impossible to find consensus in public opinion over any issue today, so was the case in the nineteenth century. Thus, this thesis further argues that the language average Americans used when discussing income taxation could be appropriated either for or against it.

This is not the first time a study on public opinion on the income tax has been attempted. Historian Elmer Ellis's article "Public Opinion and the Income Tax, 1860-1900" from the September 1940 issue of the *Mississippi Valley Historical Review* is one of the earliest scholarly works to attempt to deal exclusively with public opinion of the income tax. Ellis argued that besides monetary reform, no other political issue of the late nineteenth century "roused such denunciation" as the income tax. To back up this claim, Ellis cites a handful of newspapers, mostly from New York, and a few from other parts of the country. Ellis's lack of range in his newspaper sources is understandable due to the time which he was researching and writing in. With none of the digitized newspaper databases with keyword search that historians enjoy today, Ellis had to physically go through a small group of newspapers and scan the pages for public opinion on income taxation. Such a limited pool of sources is likely why Ellis found public
opinion of the income tax to be unfavorable. As I have already mentioned, by researching
digitized newspapers in dozens of states and throughout several decades I have found that the
public sentiment towards income taxation has never been consistently favorable or unfavorable.
Another explanation for Ellis's argument that income taxation was wholly denounced by the
public is the fact that some of his sources include business and trade magazines such as the
*Merchants' Magazine and Commercial Review* and *Banker's Magazine*. Merchants, bankers and
other business people had a vested interest in opposing an income tax in order to keep their
wealth wholly intact, and their publications are not sufficient to look to for an understanding of
public opinion on the income tax.\(^{20}\)

This thesis covers the public discourse on income taxation from the years 1861-1900. The
first year the first federal income tax was ever levied, 1861, is a natural starting point. All other
U.S. tax laws before 1861 have no bearing on how Americans would tailor their discourse on
taxation affecting personal income. I end at 1900 because that year severs the public discourse of
income taxation of the nineteenth century off from the twentieth. When the income tax was
constitutionally legitimized in 1913 by the 16\(^{th}\) Amendment, it forms a direct link to today, since
we have never been without an income tax since 1913. Examining the public discourse of
everyday Americans over income taxation exclusively in the nineteenth century provides us with
a removed view of an issue that continues to be debated today.

Chapter One explores the nation’s first income tax laws during the Civil War, rejecting
the predominant assumption by historians that income taxation was easily and wholly accepted
by the American public. Instead, the chapter demonstrates that the income tax was a
controversial wedge issue during the war, and that the public’s views of the tax were linked with

their stance on the morality and approval of the war. Chapter Two departs from the income tax, and examines how Henry George’s single tax, espoused in his seminal work, *Progress and Poverty*, primed Americans for talking about taxation as a remedy for the social ills that had emerged in the postwar decades due to industrial capitalism. Chapter Three delves into the reemergence of debate over the income tax in the late 1880s and early 1890s, concurrent with the proliferation of independent political reform parties, particularly the agrarian-based People’s Party. The income tax was adopted by the People’s Party, and would became law in 1894 due to their sway in politics. Chapter Four deals with the setbacks faced by supporters of the income tax, such as the Supreme Court’s decision in *Pollock v Farmer’s Loan and Trust Co.* and the policies of the McKinley administration and Republican lawmakers.
Chapter 1

The Income Tax as a Wedge Issue During the Civil War

Taxes on income were first levied during America's most dire crisis, the Civil War. Beginning with South Carolina in December 1860, eleven Southern states made the unprecedented move of seceding from the Union, and forming their own country, the Confederate States of America. Unwilling to let the Union be dissolved, President Abraham Lincoln attempted to negotiate with Confederate representatives at a peace conference in February 1861. The talks failed, however, and two months later, on April 12, 1861, war between the two sides broke out. Lawmakers soon realized that in order to finance this war, ordinary government revenues would not be enough. Beginning in 1833, U.S. revenue depended on import duties from transatlantic trade, which were promoted by low tariffs that were reduced again and again throughout the 1830s and 1840s. The last tariff reduction before the Civil War took place in 1857 and greatly benefited the South at the expense of the North, since the tariff's provisions allowed the South to cheaply import English manufactured goods, rather than buy from the North. Over the course of the war, Congress shifted away from the low tariffs of previous decades and instead instituted a bold new fiscal program which included three revenue acts that featured an income tax.

The Republican-controlled 37th Congress began working out the first of many bills that would provide the government with sufficient revenues to wage a successful war. Excise taxes were laid on a long list of luxury items, including tea, coffee, sugar, and various alcoholic

\[21\] Brownlee, Federal Taxation in America, 30.
\[22\] Ratner, Taxation and Democracy in America, 59.
spirits. Two novel features of the Revenue Act of 1861 were a national property tax and an income tax. The income tax was actually placed in the bill as a compromise for many Western congressmen who disliked the property tax provision, believing that a property tax fell inequitably on their rural land-owning constituents, while at the same time leaving the "intangible" wealth of many in the Northeast untapped as a source of revenue. The income tax in the bill was not progressive; instead, a flat rate of 3 percent was imposed on all incomes over $800 a year. The following year the 1862 Revenue Act created a graduated rate; those making between $600 and $10,000 annually were taxed at 3 percent, and those making above $10,000 were taxed at 5 percent. The Act also created the office of Commissioner of Internal Revenue, the 1860s predecessor to today's well-known Internal Revenue Service. As the war entered its third year, income tax rates were raised again. The 1864 Revenue Act provided for a 5 percent tax on incomes over $600, 7.5 percent for incomes above $5,000, and 10 percent on incomes over $10,000.

The Civil War brought about many divisions in the North. Although a strong abolitionist movement had existed for some time, it was not universal, and many felt it was not their responsibility to go and fight to free blacks from slavery. President Lincoln's wartime powers also caused deep divisions, with many fearing that the suspension of habeas corpus and the crushing of dissent was a fundamental violation of rights. For as many patriotic citizens that supported the war and the administration, there seemed to be an equal number of those who opposed the war for one reason or another, especially as the casualty count continued to rise over the years.

23 Ratner, Taxation and Democracy in America, 64.  
24 Brownlee, Federal Taxation in America, 33.  
25 Brownlee, Federal Taxation in America, 34.  
26 Ratner, Taxation and Democracy in America, 74.  
27 Ibid, 85.
Income taxation was also a wedge issue during the war, but historians have paid little attention to the differences of opinion Americans had over income taxes. According to Ratner, “Public opinion was on the whole favorable to the adoption of the income tax,” and income taxation “aroused little discussion…among the general public.” Writing about initial public opinion on the income tax when the first wartime Revenue Act was passed, Ellis states there was “no very serious opposition” made by the public. Likewise, Brownlee claims that Republican leaders persuaded the country to accept income taxation and the rest of their fiscal programs. These assertions of an American public uniformly comfortable with the new income tax laws are incorrect. Researching the historical record in newspapers and periodicals from various states, one can find not only the support for income taxes that Ratner, Ellis and Brownlee mention, but also everything from tempered reservations to scathing objections. For example, Ratner cites a New York Times article from June 6, 1861 (when a revenue bill was still being crafted in Congress) that proposes an income tax as evidence of favorable public opinion. Indeed, two days later the Times once again lauded the income tax, surmising that citizens would "cheerfully" acquiesce to paying their fair share of taxes out of a sense of loyalty to the Union. Later that same month, however, the Indiana State Sentinel decried the Times as a "leading Republican organ," arguing that the people would instead view an income tax as an "intolerable oppression."

The Sentinel was not the lone American newspaper opposing the income tax, and similar dissent can be found in various publications of the time. This chapter reveals the difference in opinions Americans had during the Civil War over income taxation, in contrast to

---

28 Ratner, Taxation and Democracy in America, 67, 70.
30 Brownlee, Federal Taxation in America, 31.
31 Ratner, Taxation and Democracy in America, 67.
33 "National Taxation," Indiana State Sentinel (Indianapolis, IN), June 19, 1861.
what historians have traditionally portrayed as a consensus in favor of the wartime income tax. The Civil War period of public discourse on income taxation centers for the most part on the ways the public viewed the legitimacy of the war, as well as the perceived equity of whom the tax burden fell on. What we do not see during the Civil War period are calls for or against income taxation as a method of redistribution of wealth for the purpose of stopping the concentration of wealth in the hands of industrialists and millionaires, and for alleviating the economic and social ills of workers, as would be seen in later time periods.

The border state of Maryland is a useful example for demonstrating that Americans were in fact not wholly convinced of the validity of the new income tax measures. Aside from income taxation, it is important to note just how deeply divided Maryland was in other respects as well. Maryland was a slave state, and could have easily joined the other Southern states in secession after Abraham Lincoln won the election of 1860, given the minimal Republican support throughout the state. Lincoln won a negligible share of votes, and the state had just about evenly split their votes between the Southern Democrats and the Constitutional Union Party. Although Maryland remained part of the Union at the outbreak of war, no one had any way of knowing if it would remain so. The state was a hotbed of Confederate sympathy, and calls for secession were abundant. Pro-Confederate militias rioted and clashed with Union forces in Baltimore. If Maryland seceded, Washington D.C. would be surrounded on all sides by Confederate territory. Fearing the worst, the Army imposed martial law and President Lincoln controversially suspended the writ of habeas corpus.34

As uncertainty and instability plagued Maryland in the spring and summer of 1861, Congress was busy creating that year’s Revenue Act, which included the income tax. Baltimore

---

newspapers responded rather negatively to the tax.\textsuperscript{35} An article in the Baltimore \textit{Sun} from July cast doubt upon Congress’s proposed taxes and their ability to be collected, “even in all the loyal States.”\textsuperscript{36} If collection would be difficult even in loyal states, it could prove near impossible in border states like Maryland, which was teetering close to secession. Similarly, the Baltimore \textit{Daily Exchange}, which was pro-secession, hypothetically considered that even if the Union could bring the seceded states back by military force, it could not get them to submit to “duties of membership,”\textsuperscript{37} one of these being paying taxes. On the day the Revenue Act of 1861 was passed by Congress, the \textit{Daily Exchange} asserted that the new law would “tend more than anything else to arouse among the people of the free States a determined spirit of resistance to the reckless and ruinous policy of the Administration,”\textsuperscript{38} hoping that not only Marylanders, but citizens of other Union states would turn against the government due to the taxes. The \textit{Exchange} decried the “Black Republicans” for passing such a “cunningly framed” bill, reflecting the opinion of a large part of slave-owning Marylanders, who viewed the Republicans, the war, and thus, by extension the new tax regime, as a direct threat to their way of life. The \textit{Exchange’s} anti-income tax views came to an abrupt end on September 14th; Lincoln had the Army shut the newspaper down and imprison the editors.\textsuperscript{39}

In contrast to the anti-administration and anti-income tax views of the Baltimore publications, was the Cumberland \textit{Civilian & Telegraph}. Cumberland’s paper believed that opposition to the income tax was a false hoax by pro-Confederates, whom they referred to as “malignants” who strive to create war. The paper asked Maryland citizens to support the “lawful

\textsuperscript{35} The \textit{Daily Exchange} (Baltimore, MD), July 31, 1861.
\textsuperscript{36} “Teachings of the Manassas Disaster - Difficulties of a March to Richmond - Feeling at the North,” \textit{The Sun} (Baltimore, MD), July 25, 1861.
\textsuperscript{37} The \textit{Daily Exchange} (Baltimore, MD), August 28, 1861.
\textsuperscript{38} The \textit{Daily Exchange} (Baltimore, MD), August 9, 1861.
government” by paying their taxes. Later that fall the *Civilian & Telegraph* reprinted an opinion, signed “A Tax-Payer,” that also took a harsh stance towards those opposing the tax: “—those who denounce taxation…are Rebels at heart, and would be Rebels in fact if their courage equalled their wickedness. They ought to be accounted enemies of the country.” They conceded that the “wicked” tax denouncers indeed held sway over public opinion, but explained to readers that the taxes were moderate, and could be paid “without serious, or any, inconvenience.”

Maryland continued to be a state literally divided between North and South as the war progressed. Sharpsburg saw one of the bloodiest battles in American history, the Battle of Antietam, in September 1862. Marylanders fought for both the Union and Confederate armies in a battle that claimed over 3,000 dead, and 17,000 wounded. Two months before this wartime atrocity took place, Congress had passed the Revenue Act of 1862, with its graduated income tax. The Maryland *Free Press* resented the “swarm” of assessors and collectors that were sent to their state by the “Abolitionists” and their 1862 act to collect taxes. Since the 1862 Revenue Act had lowered the income tax exemption to $600, while at the same time raising all sorts of excise taxes, an increased number of Marylanders were paying more and more for a cause they did not necessarily agree with in full. The *Free Press* claimed that the revenue from income taxes was being used by the government to fund an anti-slavery journal, establish a “negro school,” and dole out lavish salaries for Union generals—expenses which many Confederate sympathizers in Maryland would be unlikely to approve of. An editorial in the *Free Press* expressed its dissatisfaction with the current tax regime:

All; all; will have their proportion of the burden to bear—none can or will escape. He who has never paid taxes before pays them

---

40 “The Taxes,” *Civilian & Telegraph* (Cumberland, MD), September 12, 1861.
41 “War Taxes,” *Civilian & Telegraph* (Cumberland, MD), October 10, 1861.
42 “Have We a Government!” *Maryland Free Press* (Hagerstown, MD), January 16, 1863.
43 “That's the Way the Money Goes,” *Maryland Free Press* (Hagerstown, MD), January 16, 1863.
now—pays them on the Bread; that “staff of life,” which he eats—on the meat which gives him strength for the day’s toil,… on the house which shelters you and on the fuel which makes it comfortable—on your purchases and on your sales—on your income and on your outgo—it stares you in the face at the alter and follows you in the Coffin to your grave—it is taxes in the beginning and in the end—by day and by night—wherever you go, and however you go—on whatever you bring, or whatever you send, it is tax, tax, tax. Remember reader, these are Abolition, and not Democratic taxes.  

The editorial insisted that the economic hardships citizens faced as a result of wartime taxes were the fault of “Abolitionists” (Republicans) and not the (generally) anti-war Democrats.

Looking at examples of popular discourse on taxation in non-border states also reveals divisions of opinion over whether the Union's tax laws were just or not. While Northern states generally held more favorable views of the Lincoln administration’s war effort, Northern states were not universally supportive. Infamous Copperhead Representative Clement Vallandigham was from Ohio, a state Lincoln had won with over 50 percent of the vote in 1860. Vallandigham had a widespread following of anti-Lincoln Copperheads all over the country. The bloody and chaotic New York City Draft Riots of July 1863 happened in the very heart of the city whose newspapers Ratner cites as evidence of lack of opposition to the income tax. It can be assumed that the rioters who vigorously opposed the draft and the war probably were not big supporters of the very income tax being levied to fund the war. While anti-income tax stances were commonly found in Confederate-leaning Maryland, Northern states nonetheless also had their share of detractors.

---

44 “The National Debt,” *Maryland Free Press* (Hagerstown, MD), February 13, 1863. [Emphasis mine]
The presidential election of 1864 played prominently in the discussions over income taxes. In June of that year Lincoln made a surprise move by forming the National Union Party, a fusion ticket with him running for president, and Democrat Andrew Johnson for vice-president. The National Union Party was made to convince voters that the war was not a partisan matter, but rather a struggle for the survival of the nation. This was the first and only time in American history that any two major parties ran on a fusion ticket in a presidential election. The 10th plank of the party’s platform endorsed “a vigorous and just system of taxation.”46 Ohio’s Cadiz Sentinel strenuously opposed the party’s proposals for heavier income taxes. The Cadiz Sentinel wrote that the people were taxed enough already, that adding on higher taxes was too much of a burden, and that Lincoln and Johnson were the embodiment of “Taxation,” “Conscription,” “Bankruptcy,” “Ruin,” “Starvation,” and “Death.”47 The Democratic Press of Eaton, Ohio likewise said that the new Revenue Act of 1864, with its increased rates, was so costly that it would “soon be cheaper not to have any income”48 if taxes would continue at current rates. They conceded, however, that failure to re-elect Lincoln could hopefully lead to the cessation of tax collection. The Democratic Party (the Copperhead faction of the party that didn’t fuse with the Republicans) platform of 1864 made no mention of income taxes, instead running on the promise of immediate cessation of hostilities with the South, and reunification regardless of whether or not the South gave up slavery. (Interestingly, the Democratic nominee, General George B. McClellan, did not believe in the party’s peace platform, but accepted the nomination nonetheless.) It is safe to assume, however, that although taxes were not officially mentioned in the platform, that the Democrats would have done away with the income tax and all the other

47 “Pile on the Taxes,” The Cadiz Sentinel (Cadiz, OH), June 29, 1864.
war taxes if they had won and ended the war. Days before the election, the *Columbian Register* of Connecticut featured an article that saying “additional despotism will strike”\(^{49}\) after Lincoln’s re-election in the form of further conscription and income taxes. Lincoln went on to win the election of 1864, carrying 22 states and over two million votes.

After Lincoln’s re-election it seemed more and more evident that while there were still sacrifices to be made, the war would draw to a close soon enough. The Confederacy was facing severe food shortages and a currency crisis, and their armies had dwindled significantly from death, injury and desertion. In the North, Congress passed the 13\(^{th}\) Amendment, which abolished slavery. Despite the general sense that the darkest hour of the emergency had passed, and that soon there would be victory, debates over taxation did not let up. However, there was a noticeable drop off in the partisan denunciations of taxation, and even criticisms seemed more tempered. This toning down of rhetoric could in part be explained by people realizing that for the most part the wartime taxes had indeed helped finance victory. A month before the end of the war, Michigan’s *Grand Haven News* published a letter, signed “Clinton Democrat,” conceding that the wartime taxes’ ends were justified in raising revenue for the government, but their implementation process was flawed. Clinton Democrat’s main objection was his belief that the income taxes fell unjustly on the working man, while leaving wealthier people untouched, such as those with investments in government bonds. It is ironic that Clinton Democrat felt this way, since as mentioned earlier, the income tax had been a compromise to alleviate these concerns from rural working-class people in the Midwest, and to go after the income of wealthier Northeasterners. The main bearer of the tax, according to Clinton Democrat, was the “class who are least able to bear it.”\(^{50}\) Clinton Democrat’s tone is notably different from other detractors of

\(^{49}\) “New Draft, No Substitutes,” *Columbian Register* (New Haven, CT), November 5, 1864.

\(^{50}\) “Taxing Labor,” *The Grand Haven News* (Grand Haven, MI), March 15, 1865.
the income tax. He does not doubt the need for the taxes and never denounces the war, but instead he calls attention to the inequity of taxing the laboring classes. Similarly, a letter to the editor that same month in Ohio’s *Belmont Chronicle* did not denounce the Republicans or the tax itself. Instead it believed the tax to be equitable for the “poor,” and actually a little too burdensome on “the capitalists.”

The war ended almost four years to the day it began, when Confederate General Robert E. Lee surrendered to Union General Ulysses S. Grant at Appomattox Court House. After four years of unprecedented bloodshed and destruction, the country had been reunified and the institution of slavery was destroyed. A few days later the nation was shocked to its core when President Lincoln was assassinated. What could have been a much easier transition to reunification if Lincoln had been at the helm instead fell into the hands of the Radical Republicans, who clashed with President Johnson over differing views of Reconstruction. The income taxes that had been implemented to finance the war initially stayed on the books after the end of conflict. Five months after the war was over, a humorous song in the *Columbian Register* titled “Income Before Beer” suggested that many people would in fact prefer to see the excise taxes on alcohol repealed before repealing the income tax. The sentiment expressed in the song speaks to both the regressive nature of excise taxes, as well as what would eventually become the widespread dependence on and abuse of alcohol of returning veterans from both sides.

Enthusiasm for postwar income taxation, directly linked to support for Reconstruction itself, eventually faltered in a large swath of public opinion. For example, Philadelphia’s *North American and United States Gazette* was initially enthusiastic about income taxation as a policy of Reconstruction and hoped the citizens of the readmitted Southern states would pay their share

51 “Income Tax,” *Belmont Chronicle* (St. Clairsville, OH), March 16, 1865.
52 “Income Before Beer,” *Columbian Register* (New Haven, CT), September 16, 1865.
in taxes to move the country forward. In time, however, the Gazette’s views shifted to calling for reduction and repeal of the wartime income taxes, citing the invasive nature of assessing incomes, and the tax’s inclination towards corruption. The New Hampshire Statesman opined that the taxpayers of the country were growing tired of the taxes of the last four years: “Before the war all taxation was so light that inequality was not particularly irritating...But now that taxation is heavy, and to be so for many years, who can be surprised that tax-payers have become sensitive.” Congress listened to the public’s growing antipathy towards the leftover wartime taxes, and a reduction in income tax rates was made in March 1867. For the Emporia Daily News of Kansas, a reduction was not enough, and it called for a full repeal: “It was a war tax, created in the time of war, for a peculiar emergency, intended to last just so long as and no longer than that emergency itself should last. The war has ceased; the tax also should become extinct.” The notion of income taxation as a way to combat the concentration of wealth had not yet emerged amongst the masses, and at this time was instead viewed simply as a left-over vestige of war, often falling inequitably on the shoulders of the common laborer. Congress reduced income tax rates again in July of 1870, and amongst pressure from business and

55 “Inequality of Taxation,” New Hampshire Statesman (Concord, NH), October 6, 1865.
56 Ratner, Taxation and Democracy in America, 116.
59 Ratner, Taxation and Democracy in America, 127.
manufacturing groups, as well as general discontent amongst large sections of the public, finally repealed the income tax laws in 1872.\footnote{Ratner, \textit{Taxation and Democracy in America}, 130-135.}

Income tax laws during the Civil War period saw a lively debate in newspapers, which published arguments both for and against them. Such debate complicates previous categorization of the discourse as one-sided and in favor of taxation. Debates over taxation were linked to debates over the war and largely depended on whether one supported the war effort or not. The equity of taxation was also debated during this time period. There were differing views over whom the income taxes fell the hardest on: the common laborer or the millionaire. Industrial capitalism was only in its birth stages at this time, however, and taxation had not yet entered the public discourse as a method to solve the social problems that industrial capitalism wrought. Instead, this notion would emerge in intellectual circles in the late 1870s, and then in public discourse in the late 1880s.
Chapter 2

Henry George’s Single Tax as Precedent for Taxation as a Tool for Wealth Redistribution

In 1879 California journalist and newspaper editor Henry George published Progress and Poverty: An Inquiry Into the Cause of Industrial Depressions and of Increase of Want With Increase of Wealth...The Remedy, which became known simply as Progress and Poverty. Although George had published articles and pamphlets on land policy and the effects of industrialization earlier in the decade, it was Progress & Poverty that would transform him from a mere newspaperman to a member of the pantheon of late-nineteenth-century social critics who sought to grapple with how to fix the economic and social ills that the post-Civil War industrial economy had delivered.

Born to working-class Philadelphia parents in 1839, George was raised in a household that devoutly adhered to the principles of both Episcopal Protestantism and Jacksonian Democracy.61 As put by historian John L. Thomas, "To be a Democrat in the 1850s was, first of all, to cherish the memory of Andrew Jackson and his fight for the little man, to distrust 'aristocracy' and fear 'monopoly,' and to hold fast to the principles of self-help and equal opportunity."62 The Jacksonian values under which George grew up would be reflected in his later writings, such as Progress & Poverty, where he decried the land monopolists and millionaires for their exploitation of the people, and advocated for small farmers and workers to profit from their own small landholdings. George received only sporadic formal education, and after working some odd jobs in Philadelphia and at sea, he set out for the West in late 1857. First working as a typesetter in California, George eventually fell into journalism and either wrote or

---

edited for varied newspapers throughout the Civil War and into the 1870s.\textsuperscript{63} Having suffered some hardship himself in putting food on the table for his wife and children during the 1860s, it was the depression of the 1870s that would propel George into writing \textit{Progress \& Poverty}, in order to solve the question of inequality and scarcity.

The Panic of 1873, triggered by over-investment in railroads and the collapse of Jay Cooke's banking firm, led to the worst economic depression the United States had ever seen up until that time. Within one year over 6,000 banks had failed.\textsuperscript{64} The rest of the decade saw depressed commodity prices and wages, and an immense reduction of the work force.\textsuperscript{65} Labor unrest flared up during the economic downturn of the 1870s, the most dramatic disruption being the Great Railroad Strike of 1877. The nationwide strike featured the workers of most major railroads. When state militias and federal troops attempted to return strikers to work, chaos erupted and violent clashes took place across cities for days. The violence rocked the nation and profoundly affected George as well. The depression lasted until 1879, the year George published his book. Over the course of those six years George witnessed just how industrial capitalism, with its boom and bust cycles, created an inequitable distribution of wealth that made a few men and their families millionaires and made the producing classes penniless:

\begin{quote}
It is true that wealth has been greatly increased, and that the average of comfort, leisure, and refinement has been raised; but these gains are not general. In them the lowest class do not share...the tendency of what we call material progress is in nowise to improve the condition of the lowest class. The new forces, elevating in their nature they be, do not act upon the social fabric from underneath,....but strike it at a point intermediate between top and bottom. \textit{It is as though an immense wedge were being forced, not underneath society, but through society.} Those
\end{quote}

\textsuperscript{63} Thomas, \textit{Alternative America}, 8-16.
\textsuperscript{65} Thomas, \textit{Alternative America}, 58.
who are above the point of separation are elevated, but those who are below are crushed down.\textsuperscript{66}

George's identification of the cause of "the wedge" and its remedy in \textit{Progress and Poverty} are somewhat complex, the book being over 500 pages long. Simply put, however, George believed that unequal distribution of wealth lay in the monopolization of land, which he viewed as "the source of all wealth."\textsuperscript{67} His "remedy" was to tax the value of unimproved lands. That is, make all land common property, which he believed it was, and tax those who had more land than they could use. This one tax on land value would in theory lead land speculators and monopolists to give up their landholdings, which would allow the farmers and laborers to buy up the land to live and work on. George believed that no other taxation schemes or reforms of any kind were necessary, just one tax on the values of unimproved lands. Although he never called it this himself, his tax would eventually come to be known as the single tax.

Historians have generally dismissed the importance of George's single-tax proposal in the larger historical narrative of the federal income tax. Mehrota writes that the single-tax movement was a "distraction," since it "sapped valuable reformist energy away from the campaign for wealth and income taxes."\textsuperscript{68} Since Mehrota's focus is on elite intellectuals and their economic theories on the income tax, this is why George is thought of as distraction in his book. Ratner and Brownlee both mention George, but only in passing, as a candidate in the New York City mayoral election of 1886 who had moderate appeal to some labor and farmer interests.\textsuperscript{69} Stanley, who focuses on the "centrist state," actually makes no mention of George or the single tax at all, since the grassroots single-tax movement never saw major Congressional activity.

\textsuperscript{66} Henry George, \textit{Progress and Poverty: An inquiry Into the Cause of Industrial Depressions and of Increase of Want With increase of Wealth...The Remedy} (New York: Robert Schalkenbach Foundation, 1971), 8-9. [emphasis mine]
\textsuperscript{67} Ibid, 328.
\textsuperscript{68} Mehrota, \textit{Making the Modern American Fiscal State}, 76.
\textsuperscript{69} Ratner, \textit{Taxation and Democracy in America}, 153, 161; Brownlee, \textit{Federal Taxation in America}, 43.
This chapter demonstrates how *Progress and Poverty* brought back popular discourse on taxation—not income taxation, but rather the single land-value tax. After the last of the Civil War income taxes expired in 1872, the public and political discourse of the 1870s featured very little dialogue on national taxation in a "breathing spell of six years," as Ellis termed it.\textsuperscript{70} When George's book was published in 1879, its taxation remedy began to be widely discussed in the press, and in the 1880s, people channeled their interest in the single tax into forming clubs and leagues dedicated to promoting the idea. Henry George's single tax reintroduced taxation into everyday popular discourse, as with income taxation during the Civil War, and again in the 1890s and early twentieth century. I am not suggesting that the single tax and income tax movements went hand-in-hand, or that the income tax laws of later decades somehow owe their existence to Henry George. The income tax was being propagated at this time in intellectual circles by economists, jurists, and policymakers who wrote about it in academic and professional journals. The income tax was not, however, written about extensively in daily newspapers during most of the 1880s, while the single tax in fact was. Discussion in the popular press over the single tax, over whether or not a form of taxation could or should redistribute wealth as a way to fix social ills, laid the groundwork for the dialogues on income taxation that would come about later.

First published in 1879, *Progress and Poverty*, and the single-tax remedy within its pages, managed to make George famous. To those who subscribed to George's single-tax remedies, he was an important, and even brilliant, figure. Early reviews of the book wrote that George had made "a contribution of incredible value,"\textsuperscript{71} and that he was "an author of a work of

\textsuperscript{70} Ellis, "Public Opinion and the Income Tax, 1860-1900," 231.

much power that has lately attracted a great deal of attention."\textsuperscript{72} Just two years after the book was released, the \textit{National Republican} said that George had become "so widely known as to insure anything from his pen an extensive hearing."\textsuperscript{73} The Texas \textit{Fort Worth Daily Gazette} bestowed the title of "American philosopher" upon him,\textsuperscript{74} and this praise was echoed by other publications. The \textit{Daily Los Angeles Herald} opined that George's single tax had "created a first class sensation in all the centers of thought in the civilized world," and that only the works of Jean Jacques Rousseau and Sir Thomas Moore's could compare to \textit{Progress and Poverty}.\textsuperscript{75} According to the \textit{Atchison Globe}, "The last ten years have given us one great philosophical writer, Henry George, but only one."\textsuperscript{76} All of this praise for George's wisdom stemmed from the perception of his single tax as the much-needed solution to the problem of inequality to many Americans. At no other time in American history has discourse over a form of taxation been so entwined with the political views of one man.

Just as supporters of the single tax could rally behind George as a singular prophet-like figure, its opponents could easily vilify him, and denounce the tax as the product of a lone radical. Acknowledging the popularity of the single tax and George's newly acquired celebrity-philosopher status, the Sacramento's \textit{Daily Record Union} nonetheless refused to endorse George's views:

No doubt "Progress and Poverty" will continue to be read widely for some time to come. So was Rousseau's "Social Contract." But who pays attention to Rousseau's theories now, or is ever likely to do so again? The fact is that Henry George's land doctrine is of no use for anything but mischief, and that it will not be influential even for that, during any considerable period.\textsuperscript{77}

\begin{footnotesize}
\textsuperscript{72} "Book Notices,'' \textit{The Stark County Democrat} (Canton, OH), July 29, 1880.
\textsuperscript{73} \textit{National Republican} (Washington, D.C.), March 16, 1881.
\textsuperscript{74} "Commercial'' \textit{Fort Worth Daily Gazette} (Fort Worth, TX), January 30, 1883.
\textsuperscript{75} \textit{The Daily Los Angeles Herald} (Los Angeles, CA), April 19, 1881.
\textsuperscript{76} "A Singular Fact,'' \textit{The Atchison Globe} (Atchison, KS), September 28, 1882.
\textsuperscript{77} "The Complaint of Henry George,'' \textit{Sacramento Daily Record Union} (Sacramento, CA), September 30, 1882.
\end{footnotesize}
The *Record Union* viewed the single-land tax as confiscatory, one of the most common claims against George's theories. Nevertheless, even George’s detractors were still familiar with the single-tax theory, proving just how well it had been woven into popular discourse of the 1880s. A library advertisement labeled George's views as "unsound," but nonetheless encouraged readers to come to the library to check it out. Since the book had been "so largely discussed," it was prudent to be versed in its flawed argument. Responses to the accusations of the single tax being "confiscatory", as well as socialistic and communistic, were prevalent in popular periodicals. A Tom Marley, writing to the *Dallas Morning News*, refuted the argument that the single tax was a land confiscation scheme, claiming that rather than "land nationalization," the plan would lead to "land emancipation."

Part of the popular discourse on the single tax was debating just how equitable the tax really was to the average farmer and laborer, and who bore the heaviest burden. Kansas's *Atchison Daily Champion* maintained that a single-tax on land would fall disproportionately on small property owners such as farmers, and that "men of every trade and profession that own no land," such as doctors, lawyers, merchants and manufacturers, would keep their wealth. An opinion of the St. Louis *Globe Democrat* doubted that the single tax would remain equitable, and cautioned that even if it were implemented the way George and the single taxers envisioned, it would nonetheless fall back on the producing classes, creating a wedge between them and the wealthy: "The shrewd, the bold, the unscrupulous and the lucky always have got, and will

80 "Marley's Attack," *Dallas Morning News* (Dallas, TX), December 16, 1887.
continue to obtain, the unearned increment."\textsuperscript{82} The San Francisco \textit{Daily Evening Bulletin} echoed the belief that the rich would escape paying taxes, and that the single tax would fall back on those who could least afford to bear it: "It is not too much to say that this single tax notion is about the best method that has ever been originated to double the poor man's taxes."\textsuperscript{83}

Conversely, supporters of the single tax shared no such views, and found it to be the most equitable tax proposal of all. B.S Meyers of North Adams, Massachusetts, writing to the \textit{Springfield Republican}, said that "the single tax is the only tax that can be equitably levied and surely collected with no possibility of shifting the burden."\textsuperscript{84} A Boston Single Tax League member, writing to "the farmers of Brown County" in the \textit{Aberdeen Daily News}, championed the tax as a "great moral reform," because its disincentive to speculate on land would "solve the labor question, the Indian question and the negro question."\textsuperscript{85} While most other single-tax advocates spoke about the tax as a means to ameliorate the conditions of the farmers and laborers, that is namely themselves, this individual went so far as to claim that the single tax could actually also help Indians and blacks, who at this time were for the most part stuck in systems of reservations and sharecropping, respectively. Indeed, the Colored Alliance, the agrarian reform organization for blacks in the South, supported the single-tax platform as a means to retake control of their own labor and lives from the white landowners to whom they paid rent.\textsuperscript{86}

Perhaps one of the few times that the single tax played prominently in a major political campaign was the New York City mayoral election of 1886, where George was nominated by the

\textsuperscript{82} \textit{St. Louis Globe Democrat} (St. Louis, MO), October 21, 1887.
\textsuperscript{84} "The Single Land Lax," \textit{The Springfield Republican} (Springfield, MA), January 18, 1889.
\textsuperscript{85} "The Single Tax Idea: To the Farmers of Brown County," \textit{Aberdeen Daily News} (Aberdeen, SD [Dakota Territory]), August 16, 1888.
United Labor Party (ULP), a newly-formed third party. The party catered to working-class New Yorkers, advocating for wage increases and improved factory working conditions. The platform was altered by George to include single-tax planks, however.\(^87\) George was able to amass considerable support when he was endorsed by Samuel Gompers, leader of the American Federation of Labor.\(^88\) Many working-class New Yorkers did not support George due to misgivings about the single tax. A letter to the editor of the *Herald* from a "workingman," explained how through years of hard labor he had been able to buy a house in the city, as well as a small lot, and was currently paying off his mortgage. He believed that under George's plan, should he be elected mayor, workingmen who had saved up and owned small bits of property in the city would suffer, while the men who do "nothing but loaf around the ward" got a free pass, since they were not property owners.\(^89\) Another letter to the *Herald* during the campaign declared that the writer would not vote for George for mayor, because he would much rather vote for him for Congress, believing him to be more of "a man more capable of legislative than executive public service." A letter the same day agreed, and urged for George to run for Congress against pro-tariff Democrats.\(^90\)

George ended up losing the mayoral election to the Democratic candidate, but in a surprise victory, outpolled the Republican candidate and future president, Theodore Roosevelt.\(^91\) George never did bring the single-tax idea to any other major campaign. He never ran for Congress or any national office, although he did testify before the House of Representatives on the single tax in 1893. The ULP, which had nominated George, lived on for a few more years. At

---

\(^87\) Thomas, *Alternative America*, 224.
\(^89\) "Henry George's Theories," *New York Herald*, October 24, 1886.
\(^90\) "Henry George for Congress," *New York Herald*, October 20, 1886.
\(^91\) Thomas, *Alternative America*, 226
their 1888 convention in Minneapolis, there was "considerable debate over the single tax idea." George did not even endorse the ULP in the Presidential Election of 1888, opting for President Grover Cleveland and the Democrats instead, and the ULP received only 2,800 votes, fading away shortly thereafter.

Examining single-tax discourse in the press on a narrower state basis provides insight into the variance of opinion that existed over the issue. The single-tax movement in Portland, Oregon is featured in Robert D. Johnston’s book *The Radical Middle Class: Populist Democracy and the Question of Capitalism in Progressive Era Portland, Oregon*. Johnston’s chapter on the Portland single-tax movement, titled “The Political Economy of Populist Democracy: The Single Tax Movement in Portland, 1908-1916,” tells the story of how single-tax reformers and Portland’s “petite bourgeoisie” fought to institute the single tax through referendums and city elections in the early twentieth century. In the chapter Johnston argues that the bourgeoisie's reform efforts to pass a single-tax law were part of a "genuine class struggle" between them and the city's economic elite. Johnston’s account completely leaves out the history of the single-tax in the 1880s, however. The origins of this class struggle can be found in the debates over the single tax in the 1880s. Portland, the largest city in what at the time was an isolated Western state, had a thriving public debate over the single tax in the penultimate decade of the nineteenth century. The city even had its own Single Tax Club in the late 1880s, where discussion and advocacy for the single tax took place. Upon examination of Portland’s daily newspaper, the

---

93 "For Cleveland Now," *Boston Daily Advertiser* (Boston, MA), February 6, 1888.
96 Ibid.
*Morning Oregonian*, during the 1880s, we find that the single tax was featured extensively in the newspaper as citizens debated its efficacy for economic equality.

It was the opinion of the newspaper that the single tax was confiscatory, and it engaged in debate with readers who refuted the newspaper's views.98 The *Oregonian* expressed doubts that "the average Oregon farmer will be deeply in love with the doctrine that land should bear all the taxes,...and that the socialist have the kernel while the owner must content himself with the shell." Equating George and the single tax with socialism, the newspaper appealed to the fears of hardworking Oregon farmers that their land and whatever little income it generated would be expropriated under a single-tax system.99 To the newspaper, the "socialist" adherents of the single-tax theory were the foils of diligent working Oregonians:

George's proposed change of taxation is not an extinction of a burden, but a mere makeshift change of knapsack on the shoulders of the soldier of labor, and has not interest for anybody save the lazy and unthrifty who dream, drool and lounge their lives away waiting for that utopian hour of millennium, when every loafer who seeks something for nothing will get what he wants; that is, get what he never earned from the energetic, thrifty, industrious, honest hands that earned it.100

The newspaper's contention that the single tax was *not* a shift in burden off the shoulders of the laborer might have influenced many to abandon it, since the appeal of wealth redistribution was no longer there. When the *Oregonian* moved from calling single taxers socialists to calling them communists, a reader wrote in that he had grown tired of their "narrow prejudice," and "exceedingly selfish mind."101

Debate over the single tax in the *Oregonian* featured comprehensive attempts to try to explain both reasons for and against a tax on land. A reader in 1889 wrote a lengthy letter which

---

98 "Henry George's Doctrines," *Morning Oregonian* (Portland, OR), September 26, 1886.
100 "Progress and Poverty," *Morning Oregonian* (Portland, OR), August 14, 1887.
detailed just how the tax would operate on land. A published essay from June 1889 took aim at some of the wealthiest men of the era, including Jay Gould, Leland Stanford, and John D. Rockefeller. The author of the essay wrote that if the single tax were applied to Rockefeller's Standard Oil oil fields in Pennsylvania and Ohio, the revenue generated could "build a college on every hill, a library in every town," as well as pay the expenses of state and local governments, with money left over for the federal government, all "without calling upon the working man and farmer for one penny." The essayist's view that the wealth of the captains of industry was reachable through the single tax on land parallels one of the concerns that drove income taxation later—only income taxes could reach the intangible wealth of millionaires not vested in land.

Not all of the readers of the *Oregonian* favored the single tax. A reader wrote in to the editor, conceding that while he believed that a check on the monopolization of land was needed, as well as substantial tax reform, he did not believe that the single tax was the way. His objection to the single-tax was that "it should all come off one class of property-holders and exempt all others." Although never explicitly stated, judging by the fact that the author of the letter was opposed to the single tax, yet still in favor of tax reform and against the concentration of wealth, it can be assumed that he would have been in favor of an income tax, which was making a comeback in public and political discourse at this time.

Surely enough, the single tax and income tax would soon be mentioned together in the same articles. An opinion published in late 1890 stated that millionaires such as Gould would

---

prefer the single tax to the income tax, because it would not touch their stocks and bonds.\textsuperscript{105} The \textit{New Ulm Weekly Review} of Minnesota compared the two taxes:

\[...and\text{ }yet,\text{ }an\text{ }income\text{ }tax\text{ }and\text{ }his\text{ }single\text{ }tax\text{ }are\text{ }based\text{ }on\text{ }the\text{ }same\text{ }principle.\text{ }The\text{ }advocates\text{ }of\text{ }an\text{ }income\text{ }tax\text{ }have\text{ }the\text{ }same\text{ }ends\text{ }in\text{ }view\text{ }as\text{ }Mr.\text{ }George;\text{ }they\text{ }would\text{ }levy\text{ }such\text{ }a\text{ }tax\text{ }not\text{ }only\text{ }for\text{ }revenue,\text{ }but\text{ }also\text{ }for\text{ }the\text{ }purpos[\text{sic}]\text{ }of\text{ }preventing\text{ }the\text{ }accumulation\text{ }of\text{ }the\text{ }country's\text{ }wealth\text{ }in\text{ }the\text{ }hands\text{ }of\text{ }a\text{ }few,\text{ }thereby\text{ }securing\text{ }a\text{ }better\text{ }distribution\text{ }of\text{ }the\text{ }good\text{ }things\text{ }of\text{ }this\text{ }world.\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{ }\text{/jpeg
at a lecture hosted by the Land League and the Greenback Labor Party. In San Francisco, the Land Reform League read excerpts from *Progress and Poverty* and held discussions on the single land value tax at their meetings, and a separate Single-Tax Society was established as well. The membership of the St. Louis Single Tax League was reported as "growing steadily" in 1889, and as being a contemporary of the Chicago Single Tax League. That same year, a single-tax club was established in Grand Forks, North Dakota, four months before North Dakota even gained statehood. When Henry George went to go lecture on the single tax in Denver in 1890, a citizen of Carbondale, Colorado wrote into the *Avalanche*, proposing that since the people of Carbondale were too far from Denver to go hear him, they should start their own club to discuss his single tax idea.

A national single-tax conference was held in Chicago in 1888. A "fairly large audience" showed up to St. Paul's Henepin Avenue Theater to hear a Professor Falwell lecture on the income tax. His opposition to it led to a heated discussion with single taxers in the audience. Professor Falwell denounced the single tax as confiscatory, and he also criticized George himself for the hefty speaking fee of $100 that he was supposedly earning when he went places to lecture.

The formation of these single-tax leagues was part of a wider popular phenomenon of organizing around political reform ideas in the late nineteenth century. Just as average Americans organized in groups to discuss and promote the single tax, they formed organizations in response to other utopian reformers, such as the Nationalist Clubs, whose members were

110 "Local Personal," *St. Louis Globe-Democrat* (St. Louis, MO), December 9, 1892.
113 "The Single-Tax League," *St. Louis Republic* (St. Louis, MO), September 15, 1889.
114 *Bismarck Daily Tribune* (Bismarck, ND [Dakota Territory]), July 28, 1889.
115 *The Avalanche* (Carbondale, CO), January 29, 1890.
116 *The Progress* (White Earth, MN), April 21, 1888.
inspired and mobilized by the ideas from Edward Bellamy’s 1888 utopian novel *Looking Backward: 2000-1887*. Bellamyite clubs noticeably did not advocate for any specific kind of taxation as a reform. Although single-tax clubs were distinct entities from the agrarian and labor reform groups that coalesced in the early 1890s to form the People’s Party—the first major party to call for an income tax as a method of wealth redistribution—the single tax nonetheless appealed to many Populist constituencies, and single taxers often coalesced with state-level Populist groups.¹¹⁸ It was the widespread popular discourse over the single tax throughout much of the 1880s that set the stage for other reform groups and reform-minded individuals to adopt other forms of taxation, eventually the income tax, as a cause of their own. When the People’s Party campaigned for an income tax in the 1890s, they were inheriting from the previous decade the ability to suggest taxation as a political and economic remedy.

Late-nineteenth-century America witnessed a proliferation of all kinds of political reform movements and third parties, particularly agrarian and labor-based ones. Farmer’s Alliances began to organize in the 1870s, first in the South and then in the Midwest, in order to find ways to reform the business practices of railroads and other big businesses, which charged exorbitantly high freight rates and restricted credit, all to the detriment of the farmer and his family.\textsuperscript{119} Similarly, labor unions, most prominently the Knights of Labor and American Federation of Labor, emerged at this time to organize against the unchecked expansion of industrial capitalism which cared little about the safety or livelihood of employees. The increased concentration of wealth of the corporate interests was what was putting both farmers and laborers at a disadvantage. Although they had some viewpoints and interests that differed, labor and farmers’ groups realized that they would have to organize and enter politics to change the inequitable laws that favored the millionaires, specifically the protective tariff regime. Because the protective tariff allowed manufacturers to push back their taxes onto the consumers, this regressive tax fell hardest on those who could least afford it, farmers and laborers. The income tax re-emerged as a political issue in the late 1880s just as these disparate reform groups were increasingly gaining popular support and approaching political legitimacy. The most important and successful of the agrarian and labor groups, the People’s Party, commonly known as the Populist Party, embraced the income tax and brought it to the forefront of political discourse. The Populists presented the income tax not simply as a revenue generator, as it was seen previously, but as a method to

\textsuperscript{119} Postel, \textit{The Populist Vision}, 43.
remove the fiscal burden of the producing classes by replacing the protective tariff and making the rich contribute to the government based on their ability to pay.

This chapter will demonstrate how the presence of agrarian and labor reform movements in American politics, particularly the Populists, reenergized the income tax as a hotly debated political issue, culminating in the 1894 Wilson-Gorman Tariff. In reference to the crafting of the Wilson-Gorman Tariff, Stanley asserts that only then did the press “begin once again to analyze this half-forgotten small companion to the tariff.”

Examining newspapers from across the country, however, reveals that popular discourse on income taxation in the press had been revived long before 1894. To take one example, in 1889 the *St. Louis Republic’s* “Farm & Garden” section featured a letter from a farmer, Lewis B. Parsons, addressed to the Farmer’s Mutual Benefit Association of Illinois. Parsons lamented the disregard that the government had for farmers, as well as the diminished wealth held by farmers in comparison to the ever expanding wealth of “the millionaires,” whom he believed conspired against the “producers” and “laboring classes.” Decrying the taxes that farmers like himself had to pay due to the protective tariff, he questioned why an income tax couldn’t be levied on the millionaires to make them pay their fair share. Parsons’s questioning of why there was no income tax was held by many like him, those of the “producing class,” well before Stanley identifies the return of popular discourse on taxation.

---

In 1890, the Knights of Labor and the Farmers Alliances met in Ocala, Florida, producing a document which came to be known as the Ocala Demands. One of those demands was a “just and equitable system of graduated tax on incomes.” Over the next two years agrarian and labor groups would continue to organize, eventually forming the People’s Party, and putting forth their own candidate for president, James B. Weaver of Iowa. The Populist platform of 1892 included a plank for a graduated income tax, as well as other issues which included government ownership of the railroads, free and unlimited coinage of silver, and the establishment of subtreasuries.

The People’s Party ability to mobilize agrarian and labor constituencies took much of the country by surprise in 1892. While the Democrats courted votes of farmers and laborers by denouncing the high protective tariff, their platform did not go so far as to call for a graduated income tax. The Rocky Mountain News praised the “unfurling of the new political standard” the Populists were bringing about, and declared that a progressive tax on incomes would bring justice to the poor while at the same time being fair to the rich. Despite praise in the western, Plains and southern states, the Populists faced backlash and charges of “unthinkable radicalism, particularly from the northeastern press.” The Democratic candidate, former President Grover Cleveland, won the election, with Weaver coming in third, also behind Republican candidate President Benjamin Harrison. Nonetheless, Weaver and the Populists won the five Midwestern and Western states of Colorado, Idaho, Nevada, Kansas and North Dakota, and polled close to 9% of the popular vote, an impressive feat for a newly formed third party.

The Populists had been defeated in the presidential election of 1892, but hopes for an income tax had not. Looking to make the best of the election results, a man writing to the Idaho

123 “Alliance Demands,” Southern Standard (McMinnville, TN), December 13, 1890.
124 Ratner, Taxation and Democracy in America, 167.
125 “The New Party,” Rocky Mountain News (Denver, CO), July 9, 1892.
126 Sanders, Roots of Reform, 134.
Avalanche expressed his wishes that President Cleveland would do the right thing by not only reducing the tariff but also coming out in favor of an income tax: “Put forward an income tax and imprison any rich man who swears falsely to his returns. Remove all taxes from whiskey, tobacco, tea, coffee, sugar, etc., and place the burden of taxation upon the rich.” Just two month’s into President Cleveland’s second presidency, a stock market collapse began the Panic of 1893, which led to one of the most severe depressions in American history. Thousands of businesses and hundreds of banks closed, and the unemployed were estimated to number between two and three million. Having seen the electoral success of the Populists in 1892, and now witnessing the hardships and discontent brought on by the Panic, some Democrats began to realize that an income tax might be a valid reform method to address the hardships of the people.

Democrats were starting to warm up to the idea of an income tax in 1893, but Republicans were nowhere near being in favor, and neither was a large sector of the population. A letter to the editor of the Milwaukee Journal said that any party could use an income tax in order to “enshrine” themselves in the hearts and minds of the people, and that it could very well be the Republicans who take advantage of the opportunity. Taking the completely opposite stance, the New York Herald viewed any party’s decision to take up the income tax law as “fatal,” while ridiculing the “absurdities” of the Democrats who were in the process of doing so. The Herald denied the necessity of an income tax, asserting the fact that there was no problem with raising government revenues. The Herald completely missed the fact, however, that the income tax was now seen by agrarian and labor constituencies as a measure to address the social ills of the economic depression. Boston’s Zion’s Herald recognized an income tax was

---

127 The Idaho Avalanche (Silver City, ID), March 4, 1893.
128 Painter, Standing at Armageddon, 116.
“ideally just” in theory, but criticized the Democrats for endorsing a tax that brought about “deception,” “lying,” and “rascality”\(^1\) to the process of disclosing and reporting incomes. A letter to the Portland *Morning Oregonian* went so far as to dismiss any Democratic measures responding to the depression, because it was their fault in the first place. The author of this letter argued that had President Harrison been re-elected in 1892, the nation would not be facing such economic calamity, and measures such as the income tax would not need to be considered.\(^2\)

Many quarters of the press continued to urge Democrats not to give in to Populist pressure from their constituents and to continue to oppose an income tax.\(^3\)

Those Democrats who did resist aligning themselves with the Populists to support an income tax faced criticism in the press from income-tax advocates:

> The serious question arising at this time with Democrats throughout the country is: Why are so many representatives of the people betraying their constituency and working with the common enemy at this critical time...The true Democrats and friends of honest reform who have labored for years to reform the abuses of the privileged few observe with sorrow and regret that a few of their chosen and trusted leaders are lending their votes and influence to the enemy. Who are they and where are they? They are the men who oppose the income tax bill, a bill that will compel monopolies, millionaires and privileged classes to bear their just share of the burden of taxation, which they have ever escaped. But all voters will keep an eye on them and remember them when they again come home asking for votes.\(^4\)

This sort of popular backlash against Democratic congressmen who were hesitant to come out in favor of an income tax bill might have influenced their vote, as well as the fact that in late...
January the income tax had been tied to the tariff bill being considered as a whole. If certain conservative Democrats had opposed the income tax on its own, they had little leeway in opposing when it was explicitly tied to the reduction of the tariff, which was what Democrats had run on in 1892. The tariff had been the preeminent political issue of the day between the two major parties for essentially the last two decades. A high protective tariff was first enacted by Republicans in the aftermath of the Panic of 1873 as a means to “protect” American industries which had been hit hard by the economic calamity. Indirect taxation on imports, however, eventually fell back on the consumer, and average Americans were anything but “protected” when it came to paying taxes on a wide range of commodities. Instead, the protection of American industries benefited the owners of these industries, and the protective tariff was a contributing factor to the increase in concentration of wealth. Beginning with Grover Cleveland in 1884, Democrats became the party that most loudly advocated for a reduced tariff, in part to stop the rise in prices of imported goods, which hurt the average consumer. As the New York Times observed, Democrats would rather “bear the odium of the income tax than see the Wilson Bill [tariff reduction bill] defeated.” The House passed the tariff reduction bill with the income tax amendment on February 2, 1894, amongst “the grandest, most imposing and most impressive scenes ever witnessed in the American capitol.”

Victory for the income tax was not complete just yet, however, as the bill then passed on to the Senate, where, as Ratner notes, senators were less susceptible to public opinion, which had swayed the House. At this time senators were still elected by the state legislatures, and thus had little to no concern for the popular will. The direct election of senators by the people was

---

135 Ratner, Taxation and Democracy in America, 176.
136 Painter, Standing at Armageddon, 73.
138 “Wilson Bill Goes,” Jamestown Weekly Alert (Jamestown, ND), February 8, 1894.
139 Ratner, Taxation and Democracy in America, 181.
another important issue for Populists and reformers of the era, as they believed that senators were beholden to the interests of corporations and the rich. The *Farmer’s Union* of Memphis, Missouri argued that senators who opposed the income tax were “millionaire apologists,” who gave no thought to the heavy taxation of the “farmer and laborer.”¹⁴⁰ When Colorado’s two senators voted in opposition to the renamed Wilson-Gorman Tariff, an editorial in the *Rocky Mountain News* said that only voting in favor of the income tax bill would have properly represented the interests of Colorado.¹⁴¹ The final version of the Wilson-Gorman Tariff passed in August 1894 as a compromise; the income tax was left in, but protectionist senators were actually able to sneak in amendments that raised tariff duties, instead of lowering them.¹⁴² Despite the manipulation of tariff rates by senators, the implementation of the first peacetime income tax pleased all those who had supported it throughout the years—the farmers, laborers and Populists who had fought to bring the issue to the forefront of American politics. A Portland newspaper celebrated that the income tax had “embodied” the Populists’ Omaha platform of two years earlier, calling it the “greatest departure in fiscal legislation.”¹⁴³ Interestingly, the *Independent* magazine of New York did not view the legislation as a great departure, noting that two of the Civil War income taxes had had graduated rates.¹⁴⁴

The joy over the new income tax would be short-lived, however. In January 1895, Charles Pollock, a stockholder in the New York based Farmer’s Loan & Trust Company, filed a friendly suit to prevent the company from paying the tax on incomes.¹⁴⁵ The suit argued that a tax on incomes, specifically in this case on incomes derived from rents and municipal bonds, was

¹⁴⁰ “Give Us Income Tax,” *The Farmer’s Union* (Memphis, MO), May 10, 1894.
¹⁴¹ “Our Senators and Members,” *Rocky Mountain News* (Denver, CO), August 17, 1894.
¹⁴³ “Populism Won,” *Morning Oregonian* (Portland, OR), September 3, 1894.
a direct tax, and thus the Wilson-Gorman Tariff was in violation of the Constitution, which required that direct taxes be apportioned among the several states according to population. The question in this case was whether or not income taxation was a “direct” or “indirect” tax, and this question was handed over to the U.S. Supreme Court. Supreme Court precedent had held that the only kind of “direct tax” was a tax on land.¹⁴⁶ A previous income tax law, the Revenue Act of 1864, had also been challenged in the Supreme Court, and had survived, with the Court deeming the Revenue Act’s income tax provision to not be a direct tax.¹⁴⁷

Stanley’s and Mehrota’s accounts of Pollock focus on jurists and lawmakers as historical actors and analyze their views on judicial interpretation of direct taxation. While the judicial interpretation is no doubt important, the views of average Americans on the question must also be considered. Although they were not constitutional scholars, average Americans were far from ignorant regarding the proceedings and details of Pollock, and they were interested in seeing how the case was resolved. In April, the Court ruled in favor of Pollock, holding that taxing income from rents and bonds was unconstitutional. The question of whether the income tax as a whole was a direct tax, and thus unconstitutional, remained to be solved. In the opinion of one New Yorker who wrote in to the Tribune, an income tax was “the very best illustration” of a direct tax.¹⁴⁸ An article from a newspaper in Boise, Idaho demonstrates how the public anxiously awaited the rest of the decision of the Court;

—the public is unable to clearly distinguish anything through the mists that surround the court’s deliverance. At one moment it seems as though the law could be seen sailing along safely and at the next glimpse the impression secured is that of a dismantled wreck laboring in the breakers.¹⁴⁹

¹⁴⁷ Ibid, 28.
¹⁴⁹ Idaho Daily Statesman (Boise, ID), April 10, 1895.
For many reform-minded Americans, who had hoped for so long for an income tax to help alleviate their fiscal burden, the way the Court decided the issue was of the utmost importance. Before the Court even made its final decision, some were already calling for an amendment to the constitution to allow for an income tax. The sooner an amendment was passed, the better, was the general sentiment of Oregon’s Dalles Daily Chronicle.\textsuperscript{150}

The Court’s final ruling in \textit{Pollock} struck down the income tax as a whole as unconstitutional, in accordance with the Court’s tendency during this period to use the law as a “great bulwark against economic and social change,”\textsuperscript{151} in the words of historian Bernard Schwartz. Furthermore, the Court’s ruling can be seen as reactionary. The attorney who argued the case for Pollock described the tax to the justices as “communistic,” “socialistic,” and “populistic.”\textsuperscript{152} Chief Justice Melville Fuller, writing for the majority, believed there was no doubt that an income tax was a direct tax. Although the Wilson-Gorman Tariff had been a measure to alleviate the burdens of the producing classes, Fuller wrote that the Court was not concerned with the question of whether the income tax was just or how it related to the tariff, rather the Court only considered whether or not it fit the model of a “direct tax.”\textsuperscript{153} While Fuller wrote his opinion in technical and legal terms over the meaning of direct taxation, the effect of his ruling was a direct rebuke of the Populist agenda. Justice John Marshall Harlan, famous for his dissents,\textsuperscript{154} wrote in his opinion:

\begin{quote}
I cannot assent to an interpretation of the Constitution that impairs and cripples the just powers of the National Government in the essential matter of taxation, and at the same time discriminates against the greater
\end{quote}

\begin{footnotes}
\item[150] \textit{The Dalles Daily Chronicle} (The Dalles, OR), April 24, 1895.
\item[154] Schwartz, \textit{A History of the Supreme Court}, 163.
\end{footnotes}
part of the people of our country. The practical effect of the decision today is to give to certain kinds of property a position of favoritism and advantage inconsistent with the fundamental principles of our social organization, and to invest them with power and influence that may be perilous to that portion of the American people upon whom rests the larger part of the burdens of the government, and who ought not to be subjected to the dominion of aggregated wealth any more than the property of the country should be at the mercy of the lawless.”

Harlan’s dissent echoed the sentiments of those who had favored the income tax as a measure for economic and social justice. Viewing the decision of the majority as giving “certain kinds of property a position of favoritism and advantage” reflects the commonly shared view that the lack of an income tax essentially protected the invested and intangible wealth of the millionaires and capitalists. He also acknowledged the sector of the American people who bear “the larger part of the burdens of the government,” namely, the producing classes who were burdened by the exceedingly high duties on almost everything due to the tariff. For those of the producing classes, which Harlan acknowledged the ruling betrayed, the Court’s integrity was severely damaged. The Dalles Daily Chronicle wrote that the Court’s prestige had been “besmirched,” their decision having been influenced by “aggregate wealth.”

While the single-tax reformers of the previous decade had introduced taxation to the broader public as a tool for social good, it was the agrarian and labor reform movements—most importantly the Populists—of the 1890s that were able to bring the income tax to the forefront of political debate. The Populist campaign of 1892 was one centered on discontent with the status quo offered by the Republicans and Democrats, and on proposals for reform. A graduated income tax was as not part of either of the traditional parties’ platforms at this time for purposes of redistribution of wealth, and it took the effort of the Populists to even get the other parties to

---

155 Kutler, The Supreme Court and the Constitution, 308.
156 “The Income Tax,” The Dalles Daily Chronicle (The Dalles, OR), May 22, 1895.
start talking about it and whether it had a place in politics or not. With the onset of the depression in 1893, many Democrats realized it was time to join the Populists in support of the income tax, both as a matter of concern for farmer and labor constituents, and as a matter of political expediency. With the help of Democrats in Congress, the Populist goal of an income tax to relieve the fiscal burdens of the producing class finally came about in the form of the 1894 Wilson-Gorman Tariff. The joy over the new income tax was short-lived, however, since the Supreme Court, not sympathetic to the Populist agenda, struck down the tax. As the next chapter will demonstrate, efforts to get around or overturn the Court’s decision were unsuccessful.
Chapter 4

Late 1890s Income Tax Discourse in the Face of Conservative Resistance

While the first half of the 1890s can be looked at as the high point of support for the income tax in the nineteenth century, the second half of the 1890s, beginning with the Pollock decision, brought a reversal of fortunes for the income tax and its supporters. The 1894 midterm elections saw the Republicans gain 118 seats in the House of Representatives, leaving pro-income tax Democrats and Populists with a meager minority that lasted well into the twentieth century. Furthermore, conservative Republican William McKinley was elected president over agrarian Democrat William Jennings Bryan twice in back-to-back elections. Not even new American wars and imperial policies convinced those in power to institute an income tax, at least to pay for the wars. This chapter seeks to demonstrate that although income tax support was alive and well in the second half of the 1890s, it was not able to overcome Republican opposition, and was eventually drowned out by the beginning of the twentieth century, lasting until the Panic of 1907 and its aftermath.

Outrage over Pollock led to the decision itself becoming a politicized issue in the presidential election of 1896. The presidential election of 1896 is best remembered for the “Silver Question,” the political debate over which precious metal, gold or silver, would back U.S. currency. The remaining Populists, as well as the Democratic Party which had absorbed much of the reformist ideas of the Populists into their own platform, supported the policy of bimetallism, which consisted of coinage of silver as legal tender, with a ratio of 16:1 to gold. Republicans and some “Gold Democrats” were ardent supporters of monometallism, advocating for the gold standard alone. Historians’ characterization of the election of 1896 as centered on
monetary reform is confirmed by analysis of newspaper coverage across the nation. Indeed, it was Democratic and Populist candidate William Jennings Bryan’s denunciation of the gold standard in his “Cross of Gold” speech that electrified audiences during the campaign, and his speech remains as one of the most important addresses in American political history to this day, due to its unapologetic embrace of agrarian and labor interests.

Although the “silver question” was indeed the central issue of the 1896 campaign, debates over income taxation also figured prominently in the election. At the Democratic National Convention in Chicago, the pro-silver plank was uncontroversial, and it was inserted as the first plank of the Party platform. However, as the Denver Evening Post observed, a “great difference of opinion” existed on including the income tax. After all, the party still included a faction of conservative Democrats who were loyal to President Grover Cleveland and opposed to the Populist direction the party was heading in. In the end, however, reform delegates, with instructions from their constituents back home, were able to dominate the convention and insert an income tax plank into the Democratic Party platform.

Until the money question is settled we are opposed to any agitation for further changes in our tariff laws, except such as are necessary to meet the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax. But for this decision by the Supreme Court, there would be no deficit in the revenue under the law passed by the Democratic Congress in strict pursuance of the uniform decisions of that court for nearly 100 years, that court having in that decision sustained

---


158 “A Memorable Campaign,” Rocky Mountain News (Denver, CO) August 9, 1896.

159 “Making the Platform,” Denver Evening Post (Denver, CO), July 6, 1896.

160 Sanders, Roots of Reform, 139; “The Only Woman,” Rocky Mountain News (Denver, CO), July 6, 1896.
Constitutional objections to its enactment which had previously been over-rulled by the ablest Judges who have ever sat on that bench. We declare that it is the duty of Congress to use all the Constitutional power which remains after that decision, or which may come from its reversal by the court as it may hereafter be constituted, so that the burdens of taxation may be equally and impartially laid, to the end that wealth may bear its due proportion of the expense of the Government. 161

Bryan, the party’s nominee, echoed the income tax plank in his convention speech. Asserting that the tax was “just” and constitutional, he denounced the Court for having ruled against it (and received applause for so stating). 162 Bryan was the “representative of the new constituencies” 163 of agrarian and labor interests—constituencies that favored an income tax. A letter to the editor of the News and Observer of Raleigh, North Carolina read, “every voter here favors the income tax.” 164 Other voters were undecided and relied on local newspapers as a resource for their political decision-making. A letter to the editor of the Omaha World-Herald in October 1896, at the height of the campaign, asked where to obtain credible information on “the income tax, as to what it required, and why it was declared unconstitutional?” 165 presumably to make an informed decision on his vote.

Everyday Americans wrote in to newspapers to express their views on the previous year’s Pollock decision which, as mentioned earlier, was now a politicized issue in the election. An editorial in the Rocky Mountain News read, “The popular opposition to the income tax decision is similar to the opposition to the Dred Scott decision, and the one is no more sacred than the other.” Comparing the Pollock decision to the Dred Scott decision, which four decades earlier had overturned the Missouri Compromise and denied blacks status as citizens, the editorial goes on to say that Republicans (who had vehemently opposed Dred Scott) who criticized Bryan for

162 “Bryan’s Convention Speech,” Morning World-Herald (Omaha, NE), July 14, 1896.
163 Painter, Standing at Armageddon, 191.
165 “Letter-to-the-Editor from W.S. Akers of Iroquois SD,” Morning World-Herald (Omaha, NE), October 13, 1896.
his criticisms of the Court, were deviating “away from the Republicanism of Abraham Lincoln.” Just as Dred Scott had been overturned with the 13th and 14th Amendments, the editorial endorsed “the right of the people”\textsuperscript{166} to overturn Pollock by constitutional amendment. What the Raleigh News and Observer termed the “Republican Supreme Court”\textsuperscript{167} garnered the rage of farmers and labor during the election not only due to the income tax decision, but also due to other recent decisions unfavorable to their interests, such as the breaking of the American Railway Union strike, and the refusal to break up the sugar trust.\textsuperscript{168} Historian Alan Furman Westin recounts the animosity towards the Court’s decisions that played out during the convention: “Everyone was ready for a barrage of oratory on ‘the money question,’…But few observers were ready for…the injection of a shout, ‘No government by judges’ to accompany the cry of ‘No cross of gold.’”\textsuperscript{169} This animosity was exemplary of just how opposed reform-minded Americans were to the Court’s and now the Republicans’ conservatism in regards to taxation.

The Republican campaign effectively responded in the debate over the Supreme Court’s income tax decision, believing the Democratic attack on the Court to be radical. Even conservative-“Goldbug”-Democrats that had bolted the party “took pains to distinguish their position” over the Court.\textsuperscript{170} An editorial cartoon in the New York Commercial Adviser pictured a deranged looking Bryan waving a flag labeled “ANARCHY,” and a part of the cartoon’s version of the Democratic platform reads “DOWN WITH THE SUPREME COURT. AWAY WITH THE CONSTITUTION. HURRAH FOR THE INCOME TAX.”\textsuperscript{171}

\textsuperscript{166} “Their Sophistry Exposed,” Rocky Mountain News (Denver, CO), September 27, 1896.
\textsuperscript{169} Ibid, 30.
\textsuperscript{170} Sanders, Roots of Reform, 140-141.
\textsuperscript{171} “The Frost is on Bryan,” Emporia Daily Gazette (Emporia, KS), November 2, 1896.
Supporters of the income tax and critics of Pollock, tired of being venerated by Republicans as “levelers who…wear red shirts and bathe in warm red blood,” in the words of a Denver newspaper, reminded their opponents that one of the harshest criticisms of Pollock came from within the court itself, in Justice Harlan’s dissent.172

Ultimately, Bryan carried the electoral votes of 22 states (all in the South, Midwest, and West, but not a single Northeastern state) and over 46% of the popular vote. Although the Populist-reform ideas the Democrats had espoused, including the income tax, had won over almost half of voters, the rest of the country had nevertheless endorsed McKinley’s conservatism. Bryan’s loss was a loss for the constituencies who wanted to check the power of the wealthy and powerful.173 One North Carolina newspaper warned that unless McKinley instituted an income tax, amongst other Populist demands, those who still suffered would rise up

172 “Real Criticism,” Rocky Mountain News (Denver, CO), August 9, 1896.
173 Ratner, Taxation and Democracy in America, 219.
“with a wrath so terrible nothing could withstand it.”\(^{174}\) This threat affirmed the real discontent that many of the producing class felt with the lack of reform over consolidation of economic power, while at the same time playing into the claims of Republicans that reformers were dangerously close to radicalism.

The country had still not recovered from the economic depression left over from the Panic of 1893, and despite Pollock and McKinley’s victory, support for income taxation was yet to be fully defeated. Attention to and support for income taxation remained strong in North Carolina, a state that had been carried by Bryan in 1896 and where a Farmer’s Alliance held a competitive political position at the state level.\(^{175}\) An editorial in the *Fayetteville Observer* titled “Is It the Beginning of a Revolution?” called for change to aspects of the “imperial (Federal) government.” One of the editorial’s reasons for charging the government with “despotism” was the striking down of the income tax by the Court, which they had viewed as a “needed cure” for the nation’s troubles.\(^{176}\) As early as 1897, reform-minded North Carolinians called on the State Democratic Party to endorse an income tax amendment to the constitution for the presidential election which was still three years away.\(^{177}\) North Carolina’s Populist Senator Marion Butler, representing the views of his constituents, introduced amendments to the Constitution to allow an income tax in 1897,\(^{178}\) and attempted to obstruct other legislation in the Senate until his amendment was considered.\(^{179}\) A letter to the editor in Raleigh’s *News and Observer* stressed that despite the conservative direction being taken in national politics by McKinley, the income tax

---

\(^{174}\) “McKinley’s Fraud-Won Victory,” *Fayetteville Observer* (Fayetteville, NC). January 4, 1897.

\(^{175}\) Postel, *The Populist Vision*, 197.

\(^{176}\) “Is It the Beginning of a Revolution?” *Fayetteville Observer* (Fayetteville, NC), March 15, 1897.

\(^{177}\) “The Next Campaign,” *Fayetteville Observer* (Fayetteville, NC), September 21, 1897.

\(^{178}\) Ratner, *Taxation and Democracy in America*, 229.

\(^{179}\) “Washington Letter,” *Fayetteville Observer* (Fayetteville, NC), June 10, 1897.
“must remain a salient issue.” A poem published in Charlotte’s *Daily Observer* recited a list of grievances against the McKinley administration, including the lack of an income tax, along with the “money question,” and the administration’s policy towards Cuba. The Cuban question would come full front and center shortly after the poem in the *Daily Observer* was published.

Cuban revolutionaries had been fighting for independence from Spain since 1895 and were close to defeating the declining imperial power. The McKinley administration and Congress favored a “natural intervention” to get Spain out, but take control of the island and its resources from the Cuban revolutionaries. A younger generation of Americans who were not around for, or did not remember, the last war, were curious as to what kind of taxes would be used to pay for the impending war with Spain. Letters to the editor in a Georgia newspaper asked if during the last war it was true that there had indeed been a direct tax, or income tax to help finance it. Congress finally declared war on Spain in late April and went to work to pass revenue acts to pay for the war. Due to Republican opposition and “ridicule,” an income tax provision was neutralized, and instead a federal inheritance tax was passed, as well as a tax on the gross receipts of sugar and petroleum manufacturers. Some believed that the Court’s invalidation of the income tax three years earlier actually put the government in a disadvantageous position when it came to carrying out the war effort. In the view of a letter to the Raleigh *News and Observer*, what the Court had done was to “cripple the power of the

---

180 “Have the Issues Changed?” *News and Observer* (Raleigh, NC), October 31, 1897.
183 Ibid, 19.
government satisfactorily to meet a fiscal emergency such as a war would bring.”186 The letter goes on to say that had the U.S. been at war with any other European power stronger than the declining Spain, the war effort would be greatly jeopardized due to the Court’s decision.187

The renewal and expansion of revenue bills that had taken place during Civil War was not necessary during the Spanish-American War due to its quick end. In less than four months the U.S. had won a decisive victory against Spain, liberated Cuba, and acquired the Philippines and Puerto Rico as territories. Soon enough an insurrection in the Philippines led to the Philippine-American War, which would last much longer and cost more lives than the Spanish-American war had. The occupation and violence in the Philippines, and criticism of U.S imperialism more broadly came to the forefront of American politics. A letter in the *Fayetteville Observer* pointed out the inconsistencies between the government’s stance on imperialism and the government’s stance on the income tax: “You want an English standing army, but you are not willing to have an English income tax to pay your standing army. You want an English colonial policy, but you are not willing to have an English income tax to support it.”188 The writer of the letter was clearly dissatisfied with presence of American troops as occupiers in the Philippines, which was costly both in terms of money and lives. It can be assumed that the author probably would have wanted to see an income tax implemented, and for the revenue it generated to go to relief for average North Carolinians, rather than towards an imperial policy.

The Democratic platform listed the reversal of the country’s imperialist aims as the “paramount issue”189 of the election of 1900, which was a rematch between President William McKinley and William Jennings Bryan. The independent People’s Party had for the most part

187 Ibid.
188 “Bryanisms,” *Fayetteville Observer* (Fayetteville, NC), October 16, 1899.
faded away by this point,\textsuperscript{190} but Bryan as party leader of the Democrats kept many of their political reforms alive in the election of 1900.\textsuperscript{191} While the Democratic Party platform of 1900 “reaffirmed” and “endorsed” the platform of 1896, an explicit income tax plank was excluded from the platform. Certain Western delegates were in favor of an income tax, and tried to insert it as a plank into the platform,\textsuperscript{192} but to their dismay, were defeated. The \textit{Idaho Daily Statesman} saw it as an “abject betrayal of the interests of the people of Idaho”\textsuperscript{193} when their senator did not vote in favor of the income tax being included at the convention’s platform. The \textit{Aspen Daily Times} viewed it as a “remarkable”\textsuperscript{194} omission not to include the income tax. The \textit{Colorado Transcript} reported that the income tax had been omitted due to an “oversight” made in “haste.”\textsuperscript{195} The nominee Bryan echoed in his acceptance speech that the lack of an income tax plank was made “by inadvertence,” and advocated yet again for a constitutional amendment allowing for an income tax. Invoking the recent war with Spain, and perhaps the ongoing one in the Philippines, Bryan told the convention, “In the hour of danger the government can draft the citizen, it ought to be able to draft the pocketbook as well. Unless money is more precious than blood, we cannot afford to give greater protection to the incomes of the rich than to the lives of the poor.”\textsuperscript{196} Bryan’s juxtaposition of the \textit{income} of the rich and the \textit{lives} of the poor was an astute reference, showing that the economic burden on the poor was quite literally affecting their livelihoods. Due to an economic recovery and the decisive victory in the war with Spain, President McKinley was re-elected in 1900, defeating Bryan a second time.

\textsuperscript{190} “Populists Dying Off,” \textit{Boston Daily Advertiser}, October 12, 1899.
\textsuperscript{191} Sanders, \textit{Roots of Reform}, 149.
\textsuperscript{192} \textit{Silverton Standard} (Silverton, CO), June 2, 1900; “Trouble in Montana,” \textit{The Age-Herald} (Birmingham, AL), June 21, 1900.
\textsuperscript{193} “Democracy Speaks,” \textit{Idaho Daily Statesman} (Boise, ID), July 22, 1900.
\textsuperscript{194} “Democratic Platform,” \textit{Aspen Daily Times} (Aspen, CO), July 11, 1900.
\textsuperscript{195} “Why the Income Tax Plank Was Omitted,” \textit{Colorado Transcript} (Golden, CO), July 18, 1900.
\textsuperscript{196} “William J. Bryan’s Letter of Acceptance,” \textit{Idaho Falls Times} (Idaho Falls, ID), September 27, 1900.
A second win for McKinley and the United States’ economic prosperity in the early twentieth century seemed to make the income tax fade into the background of popular political discourse. In 1901 McKinley was assassinated, and Theodore Roosevelt took his place as president. Despite Roosevelt’s being a Progressive, he “sidestepped” the income tax during his presidency in favor of other domestic reforms, such as trust-busting. The Republican Party in this period further developed its own progressive wing. Likewise, after two big losses with Populist Bryan at the head of the ticket, the Democrats did some backtracking and embraced more traditional positions, such as support for the gold standard and big business. Nonetheless, Bryan was present at the 1904 Democratic convention, and attempted to enter progressive planks into the platform, including a constitutional amendment allowing an income tax. Despite Bryan’s effort, the 1904 Democratic Party platform made no mention of an income tax or a constitutional amendment in favor of one, and the tax was not a campaign issue for either party.

---

Conclusion

Most historians agree that the final catalyst for the 16th Amendment, and thus the federal income tax, was the Panic of 1907, and the subsequent economic turmoil, which, according to Mehrota, “drew greater public attention to the disparities in wealth and income.”200 As the country suffered, calls for an income tax amendment resumed, making an emotional appeal to politicians to once and for all take action. In contrast to the 1890s, however, the Populists were no longer around to agitate for an income tax. As the Portland Morning Oregonian noted in 1908:

Under our present system we are slowly and surely reducing our great and glorious country to a state of exhaustion and famine; and it behooves our statesmen to sit up and take notice before it is too late…For years my heart has longed to see the American farmer and his noble wife and family put on a plane with the rest of this great Nation. Putting on a high protected tariff without putting on a graduated income tax, is like building a steam engine without a safety valve;201

Lawmakers listened, and in 1909, the 16th Amendment was passed by both houses of Congress and sent to the states for ratification. Conservative Republicans opposed to the income tax passed a corporation tax, hoping it would prove effective and popular enough to stop the ratification of the income tax amendment.

The debates over ratification of the amendment were covered in the press. For example, Georgia’s legislature was reported as being divided over whether to ratify the amendment or not.202 When the Georgia legislature ratified the amendment in August 1910, they must have listened to the pro-income tax voices in their state, such as this one in the Atlanta Jeffersonian,

---

200 Mehrota, Making the Modern American Fiscal State, 248.
201 “Favors Income Tax,” Morning Oregonian (Portland, OR), April 13, 1908.
which reminded them that the current tariff system was not beneficial to the interests of the people of the South, and was instead protecting the wealth of the North:

The greater part of this wealth is on the other side of the Mason Dixon line. We have no Carnegies, Morgans, Vanderbilts Havemeyers, Rockefellers, Weyerhauser, Gould and Harriman estates at the South. They are in the North. They have been created, and they are protected by the federal government. Yet, under our system of indirect taxation, the support of the government is thrown upon those who buy whiskey, tobacco, clothing, lumber, plantation implements, and the thousands of articles on the tariff schedules.\(^{203}\)

In 1912 the *Kansas City Star* celebrated that their legislature was helping to overturn the *Pollock* decision by having ratified the amendment the year before.\(^{204}\) When New York, the state which most personified the accumulation of wealth in the hands of a small elite which the tax sought to combat, ratified the amendment in summer of 1911, the ratification of the amendment became almost certain.\(^{205}\) Once the amendment was ratified by the requisite number of states in February 1913, Congress was no longer constricted by the constitutional barriers imposed by *Pollock* and quickly passed the Underwood-Simmons Tariff Act, which greatly reduced tariff rates and included a tax of one percent on income above $3,000, as well as a progressively increasing surtax on greater incomes.\(^{206}\) A humorous poem published at the end of the year in Idaho’s *Daily Statesman* celebrated that the new income tax laws finally made the rich pay their fair share, while at the same time laying off the poor: “I’m thankful that my money isn’t lyin’ around in stacks/For Uncle Sam would hunt me down and get the income tax/And that’s no jolly, oh, no, indeed.”\(^{207}\) Although dozens of revenue acts and tax laws have altered the rates of taxation in the

\(^{203}\) “Georgia Should Approve the Income Tax Amendment,” *The Jeffersonian* (Atlanta, GA), July 7, 1910.

\(^{204}\) “The People Reversed It: A Supreme Court Decision that Was Recalled,” *Kansas City Star* (Kansas City, MO), March 27, 1912.


century since the ratification of the 16th amendment and the Underwood Simmons Tariff, the United States has not been without an income tax since. Therefore, the last 100 years have been a continuation of the taxes that began in 1913.

This is not to say that any period of the last 100 years of taxation clearly resemble each other. The top income tax rate of the Underwood-Simmons Act was 7 percent on incomes above $500,000. Today, the top income tax rate is 39.6 percent on income above $400,001. Both World Wars saw the federal government institute income tax rates as they had done during the Civil War to fund the war effort. However, the highest rate during the Civil War was 10 percent. World Wars I and II saw their highest rates go up to 67 percent and 94 percent, respectively. Top income tax rates have fluctuated through other varying levels, as have lower tax rates.

Throughout the twentieth century and up until today in the twenty-first, Americans continue to talk about income taxation and how it will affect them, their families and their personal finances. Often politicians on either side of the political aisle call for tax cuts to help move the fiscal burden off middle-class families. Just like in the nineteenth century, some Americans remain skeptical that the fiscal system isn’t rigged against them and instead benefits those with the most wealth. Just like in the nineteenth century, Americans today may recognize the good intents of an income tax, but resent that it unfairly falls on them nonetheless. Just as reform-minded Americans in the 1880s advocated for Henry George’s single tax rather than an income tax, today many Americans, both right and left, propose alternative methods of taxation, such as a national sales tax or carbon taxes to generate revenue and let people keep more of their incomes. Examining the public discourse over income taxation of the nineteenth century reveals previous assumptions by historians of either uniform opposition or support are incorrect, and that just like today it was an issue that varied and had very little consensus. Also, we can see that the
way we speak about taxation today is not radically different from the debates that went on back then.
Bibliography

Books:


Journal Articles:


Newspapers and Periodicals:
Aberdeen Daily News  
Age-Herald  
Aspen Daily Times  
Aspen Weekly Times  
Atchison Daily Champion  
Atchison Globe  
Augusta Chronicle  
Avalanche  
Belmont Chronicle  
Biloxi Herald  
Bismarck Daily Tribune  
Boston Daily Advertiser  
Butte Weekly Miner  
Cadiz Sentinel  
Charlotte Daily Observer  
Cincinnati Daily Enquirer  
Civilian & Telegraph  
Colorado Transcript  
Columbian Register  
Daily Albany Argus  

Daily Evening Bulletin  
Daily Exchange  
Daily Los Angeles Herald  
Dallas Morning News  
Democratic Press  
Denver Evening Post  
Emporia Daily Gazette  
Emporia Daily News  
Farmer's Union  
Fayetteville Observer  
Fisherman & Farmer Volume  
Fort Collins Courier  
Fort Worth Daily Gazette  
Goodland Republican  
Grand Haven News  
Herald  
Idaho Avalanche  
Idaho Daily Statesman  
Idaho Falls Times  
Idaho Register
Indiana State Sentinel
Indianapolis Journal
Independent
Jamestown Weekly Alert
Jeffersonian
Kansas Agitator
Kansas City Star
Lexington Intelligencer
Macon Telegraph
Maryland Free Press
Milwaukee Journal
Milwaukee Sentinel
Morning Herald
Morning Oregonian
Morning World-Herald
National Republican
New Hampshire Statesman
New Haven Evening Register
New Ulm Weekly Review
New York Evening Post
New York Herald
New York Times
New York Tribune
News and Observer
North American and United States Gazette
Omaha Daily Bee
Omaha World Herald
Pittsfield Sun
Portland Weekly Advertiser
Progress
Rocky Mountain News
Sacramento Daily Record Union
St. Louis Globe-Democrat
St. Louis Republic
St. Paul Daily Globe
Salt Lake Tribune
Silverton Standard
Southern Standard
Springfield Republican
Stark County Democrat
The Dalles Daily Chronicle
Times-Picayune
Zion’s Herald

Websites:
The American Presidency Project at University of California, Santa Barbara:
http://www.presidency.ucsb.edu/