ABSTRACT. Tom L. Johnson made his mark on politics far from Capitol Hill, in the gritty world of turn-of-the-century Cleveland, Ohio. Barely 30 years old and at the height of a successful career as an inventor, steel manufacturer, and street railway monopolist, Tom Loftin Johnson experienced a change of heart. After discovering the ideas of Henry George, Johnson became a lifelong advocate of the single tax, which he used to guide his new career in politics. In 1901, Cleveland voters elected Johnson to the first of his four terms as mayor of the industrial city of 400,000 people. During his eight-year reign as chief executive, Cleveland took over essential services such as garbage collection, street cleaning, and lighting from private enterprise. Johnson helped humanize the city’s correctional system by replacing the old workhouse with a network of farm colonies designed to rehabilitate wayward youths and adults convicted of petty crimes. Largely as a result of Johnson’s efforts, Cleveland won constitutional home rule, a lower streetcar fare, the referendum, and higher taxes on the corporations that amassed giant fortunes through perpetual public franchise grants. For a short time, while he was still mayor, Cleveland owned and operated its own streetcar company, a rarity in early 20th-century America. All of these accomplishments made Johnson something of a hero to progressive reformers. The muckraker Lincoln Steffens famously called Johnson “the best Mayor of the best-governed city in the United States.”

Introduction

In the early 20th century, Cleveland was the eighth largest city in the United States, the largest city in one of the leading industrial states in
the nation. To become mayor of this city and a leader in Ohio politics made one a national figure. Moreover, during the first three decades of the 20th century, Cleveland grew much faster than any city in the United States, with the exception of Detroit. By 1930, Detroit was the fourth largest city in the United States, followed by Cleveland in fifth place (Gaffney 2006: 31–32). Both of those cities were doing something right. To attract hundreds of thousands of new residents meant that their local economies were creating huge numbers of new jobs. What was the secret of their success?

Much of Cleveland’s success a century ago was due to Tom Loftin Johnson, its dynamic mayor from 1901 to 1909. As a former businessman, he knew how to make a city attractive to business. As a social reformer, he knew how to make a city attractive to the ordinary citizen and worker. How did Johnson come to be the mayor of a leading American city, and how did he make it even more prominent during his time in office?

The Transformation of a Monopolist

At the age of 30, Tom Johnson had already climbed the ladder of business success. He was an inventor, steel manufacturer, a street railway monopolist, and a millionaire. He could have piled millions more into his personal treasury if he had chosen to, perhaps becoming a titan of industry. But in 1883, Tom Johnson experienced a change of heart. On a train between Indianapolis and Cleveland—two cities in which he owned majority shares of the streetcar industry—a porter offered the heavy-set southerner a copy of Henry George’s Social Problems (1883). Johnson (1911: 48–49) later remembered: “The title led me to think it dealt with [prostitution], and I said as much, adding that the subject didn’t appeal to me at all.” Overhearing the remark, a conductor promised Johnson a refund if he did not find the book of value. No refund was necessary. Johnson recalled that he read it “almost without stopping” and became a firm believer in Henry George’s ideas.

Johnson wanted either to confirm or repudiate George’s theories by discussing them with his closest friends and colleagues. After reading George’s 1879 masterwork, Progress and Poverty, Johnson (1911: 49) said to his lawyer, L. A. Russell: “You made a free trader
of me; now I want you to read this book and point out its errors to me and save me from becoming an advocate of the system of taxation it describes.” Russell could not find any errors. Nor could Arthur J. Moxham, with whom Johnson owned and operated a steel mill that manufactured the girder groove rail Johnson had invented. Having confirmed the validity of George’s ideas to his own satisfaction, Johnson (1911: 51) met with Henry George during a business trip to New York in 1885 and asked him: “I can’t write and I can’t speak, but I can make money. Can a man help who can just make money?” George assured Johnson that he could help and convinced the monopolist not to abandon his business, but to continue to make money and promote his “single tax.”

Some historians have tried to cast doubt on Henry George’s influence on Johnson’s life and political career. Holli (1970: li–liii) claims that “there is little external evidence” to prove George converted Johnson to a life of reform or that his ideas informed Johnson’s policies as mayor. Instead, Holli argues that George merely provided “spiritual succor” to Johnson, especially during the final weeks of his life when he dictated his autobiography. “In some respects,” Holli writes, “the teachings of the ‘saint’ of the single tax were a surrogate religion that Johnson never had, and they provided the former Mayor with a kind of Christian symbol that linked him to the past and possibly to the future.”

While there is little doubt the two shared a spiritual bond—Johnson purchased burial plots next to George’s in Brooklyn’s Greenwood Cemetery long before his final illness—there also is little reason to question Johnson’s claim that George transformed his outlook on life and business and that George’s ideas played a prominent role in his political program for Cleveland (Johnson 1911: 55). Upon his election to mayor of Cleveland in 1901, Johnson promised to bring fairness and scientific precision to the valuation of private property, lower the cost of vital public services, such as streetcar fares and water, and allow the people a greater role in governing the affairs of their city. All of these undertakings relied on and incorporated the core principles of the single tax.

**Henry George’s Philosophy**

Henry George’s single-tax idea arose from his personal observations. While living and working as a newspaper journalist in California
throughout the 1860s and 1870s, George (1839–1897) grew perplexed by the juxtaposition of two changes taking place before his eyes. On the one hand, new sources of power, including steam and electricity, as well as improved methods of transportation such as canals, turnpikes, and railroads, enabled mankind to produce and distribute more goods than ever before. On the other hand, many families continued to struggle with poverty, including his own during one desperate year. Despite the fact that America’s economy had become larger and more diversified than ever before, the nation continued to face periodic financial panics and industrial depressions. In the aftermath of the particularly severe financial disaster of 1873, George set out to solve what he described as the “the greatest enigma” facing modern industrial society:

Where the conditions to which material progress everywhere tends are most fully realized—that is to say, where population is densest, wealth greatest, and the machinery of production and exchange most highly developed—we find the deepest poverty, the sharpest struggle for existence, and the most of enforced idleness. (George [1879] 1929: 6)

George sought to explain why economic growth and industrial progress seemed perversely to deepen poverty, financial panic, and acute inequality of wealth.

In contrast to other social commentators who attributed these conditions to overproduction or unsound monetary policy, George singled out one of the most cherished institutions of liberal capitalist societies: private property in land. “Everywhere that you thus find distress and destitution in the midst of wealth,” he wrote, “you will find that the land is monopolized; that instead of being treated as the common property of the whole people, it is treated as the private property of individuals; that, for its use by labor, large revenues are extorted from the earnings of labor” (George [1879] 1929: 288). The monopolization of land, that is, the hording of large tracts of land by private individuals and companies, George believed, accounted for the reason wages tended to barely keep pace with the rising cost of living. As society developed and communities grew, the value of land increased and those without land had to pay more for the privilege of living and working upon it.
The monopolization of land, George believed, also accounted for recurring financial panics and industrial depressions. Living and working in California, George had seen firsthand how land values skyrocketed in anticipation of a railroad line or planned development. Speculators purchased large tracts of land where they expected values to rise and contributed to an artificial increase in the price of land by holding it off the market. By purchasing real estate on credit, on the expectation that land values would continue to rise, speculators could spur sudden economic expansion. But when the speculative craze died down, land values fell, and with their fall, millions of investors defaulted on their loans, setting off a nationwide financial panic. Land speculation, George noted, preceded every major financial disaster of the 19th century—the panic of 1837, 1857, and 1873.

Though he believed that private property in land was unjust and immoral, George did not support the confiscation or redistribution of land. Instead, he proposed to eliminate the privilege of private ownership of land by taxing its value. As he explained:

I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. Let them continue to call it their land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent. (George [1879] 1929: 405)

By rent, George referred not to the monthly fee tenants paid in exchange for an apartment lease, but to economic rent—the return one receives simply by owning something of value that cannot be reproduced, such as land or petroleum.

George believed that rent accounted for the reduction of the share of wages in the economy despite the increased productive power of labor. He also believed rent provided a legitimate source of taxation because it was “uneearned.” By unearned, he meant that personal improvements did not account for the increase in the value of land. Instead, the natural richness of the soil, the growth of the surrounding community, and the proximity of land to railroads, canals, and
other industrial developments determined the return landowners received for possessing this natural resource. Rent was not the product of individual exertion, George argued, but the result of a combination of natural and social forces for which no one could claim personal responsibility. As such, George argued that land values irrespective of improvements rightfully belonged equally to all members of the community. Through a “single tax” on land values alone, George proposed to socialize land rent.

**Tom Johnson in Congress**

In addition to promoting the single tax, George encouraged Johnson to enter politics. In 1886, George began his own campaign for mayor of New York City. He welcomed Johnson’s participation, as a financial donor and political advisor. George introduced Johnson to his closest allies, including, Louis F. Post and Father Edward McGlynn. After the campaign, Johnson financed two newspapers—The Cleveland Recorder and the Chicago Public—both edited by Post and devoted to the discussion of the single tax, free trade, and other reforms.

Prior to meeting George, Johnson had treated politics as a matter of expedience, not principle. He had never voted (Murdock 1951: 35). As a businessman, he had often contributed to the campaigns of both political parties and was, as he wrote, “indifferent as to which side won” (Johnson 1911: 48). After meeting George and dedicating himself to the principles of free trade and land value taxation that George espoused, Johnson became active in partisan politics. In 1890, Johnson was elected as a Democrat to the U.S. House of Representatives from the Cleveland district where he lived. He won again in 1892. Believing that unearned land values represented the only legitimate source of taxation, George and other single taxers opposed tariffs, which they believed artificially increased the price of consumer goods and services. As a steel manufacturer, Johnson’s free trade position provoked charges of hypocrisy, especially after he proposed, against his own financial interests, to remove steel rails from the list of protected goods during a House debate on the Wilson-Gorman Tariff bill (Johnson 1911: 75). Johnson failed to win
reelection to a third term in 1894, the year the Republicans regained an overwhelming majority of the House, which they held until the election of 1910.

As a two-term member of Congress during a brief period of Democratic control of the House, Johnson made little impact. He joined Henry George, Jr. and several other single taxers in adopting an income tax in 1893, but since that was ruled unconstitutional in 1895, it had no effect. Having now had some experience with national politics, Johnson turned his attention to local issues. In those days, indeed until World War II, state and local government was where the action was. For example, tax revenues collected by state and local governments were 60–70 percent higher than federal tax revenues from 1902 through 1940 (U.S. Census Bureau 1970: 1122, 1126).

Tom Johnson as Mayor of Cleveland

Local politics turned out to be the arena in which Tom Johnson could make a difference, one that would reverberate throughout the nation. Because the importance of what he stood for, the entire country followed Johnson’s campaign for mayor in 1901. That year, Cleveland voters elected Johnson—by the second largest margin in the city’s history—to the first of his four terms as mayor of the industrial city of 400,000 people.

Although Johnson campaigned on the guarantee of a three-cent streetcar fare, he believed municipal ownership offered the only way to permanently fulfill this promise. The press portrayed his election as a symbol of the people’s desire for greater municipal control over public services, or for socialism, depending on the editors’ political leanings. The key issue in the campaign was who would own the streetcar companies. This was known as the “traction issue,” since streetcars were powered by a traction system.

Tom Johnson was intimately familiar with the traction issue because of his personal experience with streetcar companies. He had purchased his first one in Indianapolis in 1876. From 1894 to 1899, he managed a streetcar system in Detroit, owned by his brother Albert. In the late 1890s, Detroit’s mayor, Hazen S. Pingree,
was working with another streetcar owner, Henry Everett, to introduce a three-cent line that, while privately owned, would be managed by individuals friendly to the mayor’s goal of affordable transportation with maximum public oversight. Although competitors, Johnson and Pingree formed a close bond, and in 1899, cooperated on a proposal in which Johnson would sell his entire railway system to Detroit. The proposal called for the city to buy the line and charge a three-cent fare. The plan stalled because the Detroit public thought Johnson’s asking price was too high, and the courts eventually overturned the authorizing legislation for the plan. Although unsuccessful, the experience inspired Johnson to test the three-cent fare later in Cleveland, which he was finally able to do when he became mayor.

During Johnson’s time in office, there was a constitutional ban on municipal ownership in Ohio. As a result, he was forced to adopt the second option: a three-cent fare with universal transfers on private streetcars. The rate of fare when Johnson took office averaged about five cents per ride plus additional cost for transfers (Bemis 1908: 545). He favored a three-cent fare because “it was two-cents closer to nothing” (Bremner 1951a: 187).

Soon after taking office, Johnson persuaded Republican Councilman Howe to introduce an ordinance to the city council that would establish a three-cent streetcar fare. The “Howe Bill” restricted future railway franchises in the city as follows:

- the fare must not exceed three cents with universal transfers;
- no franchise would be granted for longer than 20 years;
- all lines must use “modern” technology; and
- the city reserved the right to purchase the lines from the private company at any time.

The city would also retain the right to change streetcar schedules. For reasons explained in a later section of this article, this initial effort to introduce the three-cent fare failed.

Despite these setbacks in fulfilling his campaign promises, Johnson was reelected by Cleveland voters on April 7, 1903 with an even greater plurality than in the first election.² Equally indicative of
the public’s support for Johnson’s goals, voters elected the entire Democratic ticket, with the exception of the police clerk. “The result [of the election] is the fruit of the work that we have been doing for the past two years along the lines of the 3-cent fare and the equalization of taxes,” Johnson said after the votes had been tallied. “The opposition could not distract the minds of the people from these issues” (*The Cleveland Plain Dealer* 1903). Within a month of his reelection, Johnson introduced 11 new three-cent fare ordinances. Johnson’s momentum toward the fulfillment of his campaign promises was maintained, despite Republican opposition.

The press recognized the potential of Johnson’s handling of the traction issue to serve as a model for mayors in other cities around the country. Late in 1906 and at the height of Johnson’s efforts to secure municipal ownership of Cleveland streetcars, a reporter for *Outlook*, edited by Lyman Abbott, echoed the sentiments of many:

> Mayor Johnson is fighting the battle, not for Cleveland alone, but for all American cities. If he wins, the way to success will be indicated for other municipalities. If Johnson, with his unusual qualifications for carrying on a struggle of this kind, can be worried out and finally beaten, the public utility companies everywhere will be encouraged to strive for the mastery, and to enter, where necessary, upon time-consuming conflicts which must prove distracting and detrimental to the public welfare. (Sikes 1906: 658)

Johnson was unable to wrest public control of the streetcars from private operators. After Johnson left office, however, his supporters carried on the fight and helped pass a constitutional amendment in 1912 that gave Ohio cities the power to own and operate public utilities. (See discussion below of this issue.)

During his eight-year reign as chief executive, Cleveland took over essential services such as garbage collection, street cleaning, lighting, and the operation of bathhouses from private enterprise. Johnson helped humanize the city’s correctional system by replacing the old workhouse with a network of farm colonies designed to rehabilitate wayward youths and adults convicted of petty crimes. He also established a municipal forest department and expanded the city’s system of parks, where, according to councilman and
friend Frederic C. Howe, the entire population turned out every weekend to play baseball (Howe [1925] 1988: 109). Largely as a result of Johnson’s efforts, Cleveland won constitutional home rule, a lower streetcar fare, the referendum, and higher taxes on the corporations that amassed giant fortunes through perpetual public franchise grants. At one point during Johnson’s tenure in office, Cleveland owned and operated its own streetcar company, a rarity in early 20th-century America. Without the influence of Henry George, Johnson would never have made the transition from a private streetcar monopolist to public streetcar monopolist.

All of Johnson’s accomplishments on behalf of the city of Cleveland made him a hero to progressive reformers. The muckraker Lincoln Steffens famously called Johnson “the best Mayor of the best-governed city in the United States” (Steffens 1906: 183). None of Johnson’s victories was easy. In order to rack up his impressive series of reforms, Johnson had to fight major political opposition and legal obstacles. While Cleveland and Cincinnati voted overwhelmingly Democrat, Republicans controlled Ohio state government. Every move Johnson made toward his three campaign promises—municipal ownership, fair and scientifically-based taxation, and a three-cent streetcar fare—met stiff resistance in the state legislature, which had to approve measures adopted by cities. In 1902, Republicans succeeded in a lawsuit that declared unconstitutional the “Tax School,” which Johnson had created in 1901 and staffed with experts to study and recommend changes to Cleveland’s system of property appraisal. That same year, the Ohio Supreme Court overturned the Cleveland city charter by which Johnson had been able to assemble a team of reformers. As we shall see below, this was just one of many tactics the Republican opponents of change used in an attempt to prevent Johnson from carrying out the mandate he had received from voters.

It is astonishing that Tom Johnson was able to accomplish any lasting reforms as mayor. During his time in office, Ohio courts issued more than 50 injunctions to thwart his efforts to wrest control of the city’s streetcar franchises from private companies. “Injunctions got to be so common during my administration and were made to serve on such a variety of occasions,” he recalled, “that the practice
gave rise to the witticism that ‘if a man doesn’t like the way Tom Johnson wears his hat he goes off and gets an injunction restraining him from wearing it that way’” (Johnson 1911: 166). Despite these impediments, Cleveland earned national recognition under Johnson’s leadership. Johnson had successfully incorporated Henry George’s ideas into a workable program of local governance.

**Privilege: The Ultimate Enemy**

The fundamental lesson that Johnson had learned from Henry George was to despise privilege in all of its forms. Favoring one group over another with special advantages was destructive of society. He was especially harsh in his repudiation of the kind of privilege he had enjoyed his entire life—monopoly. Johnson’s first “lesson of privilege,” as he referred to his multiple encounters with favoritism, occurred at the age of 11. The defeat of the South in the Civil War had left Johnson’s father, Captain Albert W. Johnson, a cotton planter, penniless. On a train trip from Louisville, Kentucky to Staunton, Virginia, shortly after General Robert E. Lee’s surrender, the young Johnson befriended the conductor, who gave him the opportunity to sell newspapers on his train without any competition from other newsboys. He could charge whatever he liked for the papers. The monopoly lasted five weeks and earned Johnson 88 dollars in silver, which helped move his family back to Louisville, where Johnson’s father hoped to secure a job at a streetcar company owned by relatives. The experience was transforming. As he later wrote: “The lesson of privilege taught me by that brief experience was one I never forgot[,] for in all my subsequent business arrangements I sought enterprises in which there was little or no competition. In short, I was always on the lookout for somebody or something which would stand in the same relation to me that my friend, the conductor had” (Johnson 1911: 5–7). Johnson befriended many “conductors” throughout the next 20 years of his life.

Johnson had become wealthy by exploiting privilege, which he defined as “the advantage conferred on one by law of denying the competition of others.” His career introduced him to five classes of monopoly—land, taxation, transportation, municipal, and patent—
through which governments bestowed special rights and guarantees to their owners. Transportation monopolists enjoyed the privilege or monopoly power of unfettered access to city streets and highways through untaxed, franchise grants. Often, monopoly of one type led to monopoly of another. The exclusive right to lay track through an urban area (transportation monopoly) included ownership of the land values upon which the track was laid (land monopoly). From his own experience, Johnson knew that state and county tax assessors consistently undervalued railway property and failed to include the full value added by the exclusive right to operate railway cars on continuous sections of track (Johnson 1911: ix–xi).

Although the benefits of privilege were private gains at the expense of the public, Johnson never lost sight of the fact that privilege was legally attained. Monopolists gained control of special rights and favors, not through theft or other illegal means, but through methods deemed legitimate according to the nation’s laws. For that reason, Johnson set his sights on reforming the institutions through which privileges were doled out. That strategy seemed more effective to him than trying to instill a conscience in hearts of monopolists.

Political parties mattered little to Johnson. In selecting his mayoral cabinet, Johnson chose individuals loyal to their work rather than to a specific class or faction. As a result, Johnson’s administration included individuals from varying backgrounds and political affiliations. The most famous included local attorney Newton D. Baker; Edward W. Bemis, University of Chicago professor and expert in municipal ownership; radical Populist and labor agitator Peter Witt; Harris R. Cooley, pastor of Johnson’s church; and, Frederic C. Howe, a young, Republican lawyer and secretary of the Municipal Association, which opposed Johnson’s election as mayor of Cleveland in 1901. After Johnson’s reelection defeat in 1909, all of these men continued to enjoy successful careers in public service. Some also worked in national government. Under President Wilson, Baker served as Secretary of War; President Calvin Coolidge selected him for the Permanent Court of Arbitration at The Hague. Similarly, President Wilson appointed Howe as U.S. Immigration Commissioner at Ellis Island in 1914. Louis F. Post, whom Johnson assisted in his publishing ventures, later went on to become the Assistant Secretary of Labor under Woodrow Wilson.
The Single-Tax Influence on Municipal Reform

The diversity of reform-minded colleagues with whom Johnson surrounded himself as mayor testifies to the breadth of interest in social and political reform during the period before World War I. Although Henry George was highly influential on that generation, there were many other sources of inspiration to change society. Nevertheless, George’s program was one of the most popular because he offered specific remedies to the most obvious problems of 19th-century capitalism: inequality and economic instability.

Although they lacked a common political party or background, the men and women who studied and responded to the growing social demands facing turn-of-the-century American and European cities shared several characteristics. As historian Daniel Rodgers has noted, they formed a common “agenda of social politics” that accepted the notion that “not everything belonged in the market.” “Against the onrush of commodification,” Rodgers writes, “the advocates of social politics tried to hold certain elements out of the market’s processes, indeed, to roll back those parts of the market whose social costs had proved too high” (Rodgers 2000: 29–30). To George, land belonged outside of the marketplace because of its central role in the creation of wealth. Land, he explained, is not only “the habitation of man,” but also “the storehouse upon which he must draw for all his needs” and “the material to which his labor must be applied for the supply for all his desires” (George [1879] 1929: 295). Land was a basic human need.

Other reformers emphasized different issues: child labor, education, healthcare, housing, and clean water. But all agreed that natural monopolies—those industries in which it is most efficient to have just one supplier—should be owned and managed by government. George [1883] 1992: 176) agreed that natural monopolies—railroads, in particular—belonged under state control:

The primary purpose and end of government is to secure the natural rights and equal liberty of each, all businesses that involve monopoly are within the necessary province of governmental regulation, and businesses that are in the nature complete monopolies become property functions of the state.
Furthermore, George ([1883] 1992: 181) believed history had proven the need for state control over vital public services such as transportation.

Either government must manage the railroads or the railroads must manage the government. There is no escape.

In retrospect, we may think of railroads as the vehicle for carrying both freight and passengers on long-distance trips between cities. But in the early 20th century, the primary experience most people had with railroads was in the form of urban streetcars. Regulation of interurban rail was in the hands of the federal government, but city officials potentially had some influence over the tracks laid in their jurisdiction. Nevertheless, the fight to “municipalize” streetcar lines and other public utilities was intense. The aim of reformers was to transfer the delivery of goods and services from private to public providers.

The connection between municipal progressivism and the single tax is unmistakable. On the one hand, the single tax attempted to reclaim and publicly distribute the socially created value of land. On the other hand, municipalization sought to reclaim and publicly distribute the profits of private corporations that were gained through monopolies in public franchises. As Rodgers has noted, for example: “Recapturing the socially created value of the city’s streets and franchises meant confiscating the franchisers’ unearned profit; practically, it meant municipalization. Through this logical claim, the municipal ownership movement was to be heavily stocked with single taxers” (Rodgers 2000: 140). Johnson’s efforts in Cleveland provide a clear illustration of this point.

Because efforts to municipalize public franchises were so often stymied by legislatures that were dominated by business lobbyists and monopolists, a procedural reform became popular that would bypass the normal political process. A direct legislation movement arose to enable voters to adopt measures through popular vote, thereby circumventing legislative corruption. Single taxers so dominated the direct legislation movement in the United States that opposition to the initiative leaned heavily on arguments against land
value taxation. “Of all the unsound schemes the initiative might be expected to usher in,” opponents of direct legislation believed, “the single tax was regarded as the most dangerous” (Bremner 1951c: 107). At the Ohio Constitutional Convention of 1912 anti-single-tax delegates refused to vote for an initiative amendment unless it explicitly prohibited its use to shift the state’s tax burden to land values (Terzian 2004: 65).

Civic Revival as the Banner of Reform

Municipalization was not the only reform inspired by the single-tax movement. In the absence of a carefully formulated analysis of urban economic relationships, it would have been easy for politics to remain inchoate, which was the normal condition in cities around the world during this period. However, in cities where single taxers held elected office, the urban reform agenda took more definite shape and focus. According to Bremner (1948: 62–63, 65), the reform programs launched in several major Ohio cities throughout the early 20th century became known as the “Civic Revival”—“[s]o-named,” he explained, because it “represent[ed] the reawakening of faith in cities as positive agents of civilization.” Civic revivalists shared the belief that privilege bred poverty by “siphoning off” or “taking wealth” without producing it: “The Civic Revivalists were aroused because they thought that privilege, far from being a necessary or natural phenomenon of social development, was an artificial, abnormal condition.” Civic revivalists looked to the single tax more frequently and with greater energy than any other proposal to destroy privilege.

Advocates of municipal ownership found support in the single-tax ideology because land values presented the greatest source of socially generated wealth in most cities. A tax on land values could also provide a stable source of revenue to fund the delivery of public services. In addition to Johnson, other leaders of civic revivalism such as Brand Whitlock and Samuel “Golden Rule” Jones of Toledo helped reveal the public’s stake not only in land values, but also in the enormous value of public franchises, which rarely depreciated and tended to increase without any effort by the owner (Bremner
Johnson’s background as a single taxer and streetcar monopolist ideally positioned him to argue this point to the people.

The Need for Home Rule

The enactment of the single tax and the municipal ownership of public utilities required a larger degree of local autonomy than most American cities enjoyed in 1900. In their efforts to secure these reforms, Johnson and other progressive reformers throughout the country also fought for measures designed to increase cities’ governing power vis-à-vis the state in local affairs. The most important such measure was municipal home rule—the authority of city government to levy taxes and pass legislation without interference from state lawmakers.

Johnson and other civic revivalists continuously fought for the right of cities to establish their own governing powers. While the constitutional home rule movement had long been in motion when Johnson took local office in 1901, he and other civic revivalists promoted a new vision of the “self-governed city” they believed more accurately reflected the “ineluctable interdependencies” of urban life, as legal scholar David Barron (2003: 2309) has fittingly described the fundamental basis of home rule. Frederic Howe ([1925] 1988: 113–114), closely associated with the image of the “social city” as the self-governed city later became known, wrote that he “had an architectonic vision of what the city might be”:

I saw it as a picture. It was not economy, efficiency, and business methods that interested me so much as a city planned, built, and conducted as a community enterprise. I saw the city as an architect sees a skyscraper, as a commission of experts plans a world’s fair exposition. It was a unit, a thing with a mind, with a conscious purpose, seeing far in advance of the present and taking precautions for the future.

Civic revivalists recognized the potential in the city to serve as a model of governance. As Briggs (1962: 44) has noted, civic revivalists presented the city as capable of making “old American ideals” of political equality, economic independence, and public virtue viable again.
Although previous campaigns had sought to expand the power of cities, the principle of home rule or local autonomy challenged at a much deeper level the tradition of privatism that had defined the limits of local power since the colonial era. Under privatism, Barron has argued, “cities organized themselves less as general governments financed by general revenues than as corporate institutions for coordinating small groups of residents within their territorial limits” (Barron 2003: 2282). Lacking the authority to sell bonds or contract debt, cities in the early 19th century depended on the voluntary cooperation of local property owners to adopt “special assessments” to finance public projects. During that period, cities had only regulatory authority, also known as “police power”—a term that, progressive legal scholar Ernest Freund (1904: 3) explained, refers to the broad capacity of governments to use various methods of “restraint and compulsion” to “secure and promote the public welfare.” Cities relied heavily on police power throughout the 19th century. As Novak (1996) has shown, for example, local governments routinely levied fines, seized private property, regulated public markets, and delivered—often with physical force—vaccinations designed to protect public safety, morality, and health.

The growing size and complexity of cities made old methods of governance obsolete. By the second half of the 19th century, expansive regulatory power was no longer adequate to govern the emerging metropolis. By 1900, as Rodgers (2000: 113–114) writes: “The great cities were distended collections of contrasting subcities … subdivided by turn into neighborhood and ethnic territories.” Urban growth imposed new demands for fundamental services such as fresh water, electricity, paved streets, and transportation. However, as historian Robert Wiebe has pointed out, “the same conditions that made the need so imperative diminished the capacity to meet it. Pell-mell expansion destroyed the groups and neighborhoods that sustained social action” (Wiebe 1967: 13). The first phase of the home rule movement responded to this crisis by demanding “some measure of local initiatory power” independent of private or state delegation and within the “usual range” of municipal activity (Barron 2003: 2290). Intrusion by local governments into the private market had always been off limits.
If mayors and city councils were to meet the changing demands of the 20th-century city, they needed new powers. The “usual range” of city powers was not enough. To remedy that situation, home rule advocates fashioned an “administrative city” with a wider program of governance capable of responding efficiently and with expert information “to a fast-changing urban world.” Supporters of this vision argued that the functions of a city were neither completely public, nor private, but a mix of “semi-scientific, quasi-judicial and quasi-business” and, as such, should be carried out by professionals with technical expertise in aspects of social management (Barron 2003: 2301–2302). Cities needed bureaucrats.

**Cleveland’s Peculiar Charter**

In 1900, Cleveland’s governing structure did not conform to either the independent city model of the early home rule or the administrative approach to local governance. When Tom Johnson took office in 1901, Cleveland operated under a charter called the Federal Plan. Adopted by the state legislature in 1892, this plan separated the executive and legislative branches, gave the city council authority over the budget, and complete administrative control to the mayor. While the council made and financed laws, the mayor appointed the civil servants in charge of their implementation. “Because of the system of checks and balances, the mayor’s veto power and the council’s control of the purse,” as Cleveland historian Thomas F. Campbell (1988: 310) has noted, “the backers of the Federal Plan believed that they had created a perfect form of government that would meet the future needs of their city.”

The Federal Plan faced little opposition until Tom Johnson’s election as mayor. Recognizing that Johnson represented a threat to entrenched privilege, Ohio Republicans alleged that Cleveland’s charter violated the constitutional requirement for a uniformity of laws (Terzian 2004: 68). Ohio Attorney General John B. Sheets filed suit against the legality of the charter. No other city in the state operated under the so-called Federal Plan. The state supreme court agreed, and in 1903, Cleveland received a new charter based on the “Cincinnati Board Plan” in which the heads of each board or
department—police, transportation, public works, etc.—were elected instead of appointed by the mayor. Despite this, most of Johnson’s appointees under the old charter won election to the respective boards created by the new plan in 1903. The Republicans thus failed in their strategy to use the “ouster suit,” as the press called it, to destroy Johnson’s ability to reform Cleveland. Rather than decrease Mayor Johnson’s influence in city government by taking away his power of appointment, the new municipal charter—known as the “Nash Code,” named for Ohio Republican Governor George Kilborn Nash—strengthened it.

With the legal and political cards stacked against him, Johnson understood that he would lose more battles than he would win in the war against privilege in Cleveland. While Johnson was mayor, Republicans pushed back against every step he took toward the fulfillment of his three campaign promises—higher taxes on corporations holding public franchises, municipal ownership, and a three-cent car fare. Still, the story of his political career is not one of failure. Merely by fighting for municipalization and home rule, Johnson made a difference.

The Cleveland Streetcar War

The issue that most clearly defined Tom Johnson’s tenure as mayor of Cleveland and his war against privilege was the conflict over whether streetcars would be privately or publicly owned and managed. Johnson was initially elected and reelected based on this issue. Ultimately, it turned out to be his downfall.

Although reformers had waged battles over the municipalization of streetcars in other cities, the conflict in Cleveland became a national story. The “traction war” in Cleveland lasted 10 years and became a David and Goliath symbol of privately owned streetcar companies that fought ruthlessly against efforts to limit their privilege. Cleveland’s two largest streetcar corporations, the Cleveland Electric Railway Company and the Cleveland Railway Company, defended their interests in every way possible. They were powerful not only because of their wealth, but they also had the courts and the state legislature on their side. Among their weapons were
injunctions, liability suits, bribes, and referendums. The traction companies were also able to make use of “ripper” bills, which were designed to change the machinery of government to gain partisan advantage; an example of that tactic was the so-called ouster suit that invalidated the charter of Cleveland shortly after Johnson took office (Warner 1964: 17).

The streetcar controversy in Cleveland allowed Tom Johnson to highlight and maintain key components of George’s philosophy in the public dialogue. These included the denunciation of monopoly privilege, the privatization of land and natural resources, and the private control of socially generated wealth—that is, wealth created not by one individual, but through the advance of population and social development. As Bremner (1951a: 186, 204–205) has pointed out, throughout the streetcar fight, Johnson urged voters to look at the origins of streetcar companies’ profits and showed how these profits resulted from the exclusive privilege to provide and operate transportation—a social necessity—to the public. In his battle to municipalize streetcars, Johnson tried to reclaim the public’s stake in the wealth generated by the performance of this social demand. As he recalled: “Our entire Cleveland fight in one sense was a struggle to have recognized the sacredness of public property by private interests as the sacredness of private property is recognized by public interests” (Johnson 1911: 222). The courts, however, more consistently ruled that privately-held wealth, regardless of its origins, was private property.

Besides its incorporation of single-tax principles, the streetcar struggle offered an ideal test-case for the municipalization movement. As Rodgers has observed: “Nowhere in the late-nineteenth-American city had the imbalance between private market forces and public direction been clearer than in transit politics.” Streetcars, like land, “were potentially everyone’s utility. Rodgers continued: “The urban dwellers’ automobile in the pre-auto city, they were the key determinant of a city’s spatial growth, the wage earners’ means of escape for a Sunday’s outing, and perhaps even the means to a modest house in the suburbs, if streetcar prices could be driven low enough” (Rodgers 2000: 145).

The rapid expansion of streetcars at the end of the 19th century illustrates their importance. Between 1880 and 1890, as Welke (2001: 17)
has noted, American streetcar tracks increased in total distance covered from 2,000 to 8,000 miles, reaching 22,000 miles by 1902. The introduction of electricity into local transportation increased the speed of streetcars and the rate of accidents, creating two other fields of interaction between city officials and the heads of private corporations; besides management of public services, city governments became increasingly involved in the protection of public safety against private negligence.

Private streetcar companies were highly profitable because they held a monopoly over specified territory in a city based on franchises granted by the city for access to public streets and highways. That was why either municipal ownership or regulated fares were essential to protect the public from price gouging. As previously explained, Tom Johnson was able to gain passage of a city ordinance requiring a three-cent streetcar fare on new lines. The bill’s passage immediately provoked negative reactions from the transit industry. A spokesperson for the Cleveland Railway Company, the city’s second largest streetcar corporation, called the bill “a foolish measure” and claimed that no company could “live for a minute under its conditions” (The Cleveland Press 1901). The council received one bid, which it awarded on March 17, 1902, to John B. Hoefgen, one of Johnson’s former business associates.

Three factors hindered bids for the new streetcar franchise: 1) Ohio laws governing the awarding of new franchises, 2) the “ouster” suit, and 3) the contested legality of Cleveland’s charter. Few companies wanted to take on the lengthy process required by law to bid on a new franchise while the city’s charter was in legal limbo. Ohio laws required new companies seeking franchises to offer the lowest bid and receive written consent from a majority of the property owners along the proposed route before beginning construction. By comparison, no competitive bidding or property owners’ consent was required for companies with existing franchises that wanted to extend their routes or renew them (Bremner 1951a: 189; Bemis 1908: 544).

The requirement that a new franchise owner had to gain the consent of property owners often presented the most significant obstacle facing new companies. After the city council accepted Hoefgen’s
bid, the two largest railway companies in Cleveland, the Cleveland Electric Railway known as “Big Con” and the Cleveland Railway Company, or “Little Con,” paid property owners to refuse consent, while Hoefgen’s company paid for consent (Bremner 1951a: 189). Two months after the city council accepted Hoefgen’s bid, the Eighth District Court of Ohio declared the three-cent franchise invalid because it only covered a portion of the entire route the council had advertised for bids. On June 27, 1902, six days after the Hoefgen ruling, the Ohio Supreme Court ruled that Cleveland’s city charter was unconstitutional and enjoined the city council from granting or renewing any franchises until the state legislature passed, and the governor signed, a new city charter the following year.

By the end of 1903, the city council awarded Albert Green’s Forest City Railway Company (Hoefgen’s successor) a franchise to build and construct a streetcar line on Dennison Avenue. Long-term strategy played a key role in the location of this franchise, which would be the first of many three-cent lines. Earlier in 1903, Big Con and Little Con came together to control all of the railway business in Cleveland. Consolidated, they became known as the Cleveland Electric Railway Company, or “Concon.” Most of Concon’s franchises would expire by 1907, some by 1904. Concon authorities planned to propose extensions of their lines through Dennison Avenue when they applied for renewals. Johnson hoped to beat them to this destination. From Dennison Avenue, Johnson believed, the three-cent line could extend into the city through Concon’s other expired franchises, such as those on Central and Quincy Avenues (Johnson 1911: 86, 188–190).

The Green franchise represented a direct threat to Concon, and officials of the latter immediately looked for methods to nullify the franchise or to stop construction on the Denison Avenue line. According to Johnson, “every one of the property owners’ signatures on the consents was scrutinized by the courts and fought over like the signature to a contested will. Every fly speck that might possibly offer an excuse for a law suit was examined.” Concon won a temporary injunction against further construction on the Dennison line on November 12, 1903. By then, however, the Forest City
Railway Company had already poured $30,000 into construction and was bonded for another $25,000. "Injunctions multiplied so rapidly and checked the progress of construction so effectually," Johnson recalled, "that the enterprise was often referred to as the three-cent fare railroad buried in the mud" (Johnson 1911: 188, 189).

Injunctions were not the only weapon in Concon’s arsenal. The traction monopolists had a close relationship with the city’s largest banks, which enabled them to create obstacles to Green’s financing of the new streetcar line. Even if Concon had not conspired with the banks, Green would have found few investors willing to lend to a company that was constantly in court and that had been created to maximize public control over its operations. As Johnson (1911: 222, 15) explained: “It was not easy to capitalize an enterprise which was so badly handicapped, and to find a person too honest to be bought, willing to take the risk of losing money without any possibility of making more than an ordinary six or seven per cent.” Additionally, as Johnson had learned from personal experience, railway owners and bank managers were sometimes the same person. William H. English, owner of the Indianapolis streetcar line that Johnson had purchased in 1876, for example, also served as president of one of that city’s largest banks. In this position, Johnson noted, English used the people’s own money—in the form of bank deposits—to finance his railway private operations.

Since Green’s new streetcar line faced insuperable financing obstacles in private markets, Johnson decided to intervene by creating a public financing option. In July 1906, Johnson partnered with Cleveland Press owner E. W. Scripps to guarantee a 6 percent return on Forest City stock, the sale of which they advertised in the Press (Bremner 1951a: 193). Earlier that summer Green and city officials cooperated on a plan similar to the one proposed by Johnson and Pingree in Detroit. The city council organized the Municipal Traction Company to lease Forest City property after the necessary capital for construction was raised by the sale of Forest City stock (Johnson 1911: 224). The plan worked well until Concon successfully halted construction with a personal liability suit against the mayor. The suit claimed that the Forest City grants were invalid as a result of Johnson’s financial interest in the company. Five days of testimony
proved that although Johnson and Scripps stood to lose $400,000 if the three-cent line failed, the mayor would earn nothing if the enterprise succeeded (Johnson 1911: 236). Forest City completed construction on the Dennison Avenue line in October, and the first three-cent-fare car ran on November 1, 1906. Mayor Johnson served as the motorman.

One success led to another in the city’s traction wars with the private monopolists. In January 1907, the U.S. Supreme Court upheld a lower court ruling that Concon franchises on Central and Quincy Avenues had expired in 1905. The city now had the legal authority to grant the expired franchises to Forest City, thereby expanding the Municipal Traction Company’s network of street railway lines. Over the next six months, officials from Concon and the Municipal Traction Company discussed a potential lease agreement like the one entered into by Forest City. Ultimately, the negotiators could not reach agreement on the valuation of Concon property. Concon pulled out of the negotiations until after the November 1907 election. The company hoped U.S. Senator Theodore Burton would defeat Johnson for mayor and renew its expired franchises.

The Cleveland mayoral election of 1907 became a national affair and served as a referendum on municipal ownership of streetcars. Besides Concon, the Cleveland Chamber of Commerce, the Ohio Republican Party, and even President Theodore Roosevelt came out in support of Burton. In the spring of 1906, Johnson had sent every member of the city council a circular designed to gauge their support for two proposals: a municipally operated three-cent line and a referendum on franchise grants passed within a limited time frame. (The latter proposal eventually became state law.) The council’s largely favorable response convinced Johnson to go ahead with his plan to establish the Municipal Traction Company. The responses of those opposed helped prepare Johnson for the rest of the traction fight, especially the campaign against Senator Burton.

**The Debate Over Municipal Ownership**

Johnson overwhelmingly defeated Burton in his bid for reelection in November 1907. At that point, Concon agreed to *lease* all of its
remaining lines to the Municipal Traction Company. Over the next five months, Concon representative Frederic H. Goff, a well-known banker and attorney, and Mayor Johnson met 100 times to hammer out the details of such a transfer (Bremner 1951a: 195). Disagreement over the value of Concon nearly doomed the effort. When the meetings began, Goff insisted that Concon stock was worth $52.37 per share whereas Johnson believed $41.43 provided a more accurate assessment. In round numbers, The Cleveland Press reported, Johnson and Goff were $2,500,000 apart in their claims (The Cleveland Press 1908a). Eventually, Goff and the mayor agreed on a total value of $22 million or $55 per share (Bremner 1951a: 195).

The agreement was cause for celebration throughout the city. On April 28, 1908, the day after the Municipal Traction Company took charge of Concon lines, “Municipal Day” was declared. The city’s streetcars were operated free of charge for the day. The celebration was cut short, however, by a strike that began on May 16, when three-fourths of Municipal Traction Company employees walked off the job, demanding higher wages. Two years earlier, Concon had told its employees they would receive a two-cent-per-hour wage increase when the city renewed its franchises on Quincy and Central Ave. After the Goff-Johnson settlement, most of Concon’s employees went to work for the Municipal Traction Company, but with only a one-cent-an-hour increase. The old Concon employees insisted on the full amount their old employer had promised them (Bremner 1951a: 198–199). The Municipal Traction Company was hard pressed to meet the demand, due to the effects of the business depression in 1908, plus the constraints of a security grant that returned control of Concon lines if the Municipal Traction Company failed to pay stockholders a 6 percent return on Concon’s agreed value (Johnson 1911: 279).

Concon was soon to make use of that security grant. Shortly after the strike ended, a referendum petition circulated demanding a vote on the Goff-Johnson settlement. Earlier in the year, the Ohio Legislature passed the Schmidt Law stipulating that new companies seeking franchises no longer needed property owners’ consent on streets with an existing railway line and that 15 percent of the voters could call for a referendum election within 30 days of a new franchise
ordinance (Johnson 1911: 278–279). On October 22, 1908, voters overturned the holding company’s franchise by 605 votes, or less than 1 percent of the total votes cast (Bremner 1951a: 200). Shortly after the election, U.S. District Court Judge Robert W. Tayler placed the Municipal Traction Company under receivership, while officials from the city, Concon, and Forest City worked out the transfer of lines back to Concon.

The anger of voters and the success of the referendum stemmed largely from the deterioration of service on streetcars since the city’s takeover. The Cleveland Press believed that voters defeated the security grant not because they were against municipal ownership, but because “the people of Cleveland consider SERVICE of far more importance than RATE OF FARE” According to the newspaper, the mayor promised, “BUT DID NOT GIVE THEM the kind of service, which he had promised was possible and would be given” (The Cleveland Press 1908b).

The decline of service on the streetcars was almost certainly a product of an orchestrated campaign of sabotage by Concon. The sabotage took the form of creating a great deal of “mechanical difficulty” for the Municipal Traction Company to collect the three-cent fare, which often required giving change for a nickel, dime, or quarter. As Bremner (1951a: 198) explained, “[t]his should have been only a temporary and minor annoyance,” since Johnson had introduced a new fare box capable of distributing change. Former employees of Concon and other opponents of the Municipal Traction Company, however, helped turn the temporary “change problem” into a public nuisance: “Crowds of men would get on the cars together and press past the conductor, who was unable, and in some cases unwilling, to make them pay their fares.” Additionally, some riders “deliberately exhausted the conductor’s change by presenting large bills in payment of fare,” which interfered with fare collection and made the Municipal Traction Company appear dysfunctional. As a result of these tactics, many voters lost patience with the uncertain future and service interruptions that plagued the city’s streetcar industry. For example, one voter, W. H. Garlock (1908), wrote the mayor, asking him to “please make a bargain with the Con-Con” and put an end to the “fracas that has been going on
for several years.” He added: “I would awfully like to see the thing settled and you are the one who can settle it and settle it to the satisfaction of the people.”

While the active campaign to undermine the three-cent fare was under way, the city council issued 13 new three-cent fare ordinances on franchises set to expire in January 1910. Herman Schmidt on Payne Avenue received one such franchise, with permission to extend this line farther into the city. The private monopolists retaliated immediately. The Chamber of Commerce, whose members owned one-half of Concon’s stock, circulated petitions for a referendum on the Schmidt franchise (Bremner 1951a: 202). At the same time, Judge Tayler and others proceeded to work on a new and hopefully more permanent settlement to replace the Goff-Johnson agreement. But time was running out. The people of Cleveland no longer trusted Johnson to reach an accord. On August 3, 1909, voters overturned the Schmidt grant at a referendum election. In November 1909, they failed to give Johnson a fifth term as mayor of Cleveland.

Although he lost the election, Johnson did not entirely lose the fight. Prior to the November 1909 election, Judge Tayler, Johnson, and other traction officials had settled on a new, and hopefully permanent, resolution to the streetcar war. The new agreement, known as the Tayler Ordinance, which Johnson signed into law December 18, 1909, abandoned efforts for full municipal control and did not mandate a three-cent fare. While it might have appeared that the Tayler Ordinance symbolized victory for Concon and failure for Johnson and his supporters, a closer look at the ordinance reveals a more complicated outcome. Although the ordinance did not require that franchise recipients offer a three-cent fare, it set a maximum rate at four cents and limited the profits of streetcar companies to 6 percent on actual capital. As a result of these two provisions, streetcar fares in Cleveland from 1910 through 1917 stayed at three cents. Johnson also insisted that the new ordinance contain an “invalidity clause,” granting full authority to the city to regulate rates and service if the courts invalidated any of the rate requirements in the new ordinance (Bremner 1951a: 203–204). The clause served as a deterrent against using the courts to stall reform.
Johnson and Judge Tayler held diametrically opposed views with regard to the role of the city in regulating service and cost. Whereas Johnson wanted to maximize municipal authority, Tayler insisted that the city serve only a supervisory role. Johnson wanted indeterminate franchise grants to promote competition and reserve the right of the city to revoke them if a private company failed to act in the best interest of the people. Instead, the Tayler Ordinance appointed a Street Railway Commissioner to resolve differences over service and fare rates between the city and streetcar companies (Bremner 1951a: 203). Although the Tayler grant issued 25-year franchises, the city reserved the right to name a purchaser or buy the streetcar system at $110 per share after eight years. The people of Cleveland accepted the Tayler grant by a vote of 27,307 for and 19,197 against at the referendum election held February 7, 1910 (Johnson 1911: 290).

Historians have expressed little surprise that Johnson’s efforts to achieve municipal ownership of Cleveland’s streetcars met with such limited success. American municipalizers, as Rodgers (2000: 153) has pointed out, faced more obstacles than their European counterparts. Besides constitutional limitations, the fight for municipal ownership in American cities occurred on two fronts:

Where everything, down to the finest details of a purchase agreement or a regulatory measure, went through the political system twice—first through the process of government as normally conceived, and then, all over again, through the courts, where the property rights of investors were certain of a particularly solicitous hearing—the American system guaranteed greater delays and obstacles than progressives faced abroad.

While the two-front campaign frustrated reformers like Johnson, city voters and policy experts appreciated the extra layer of oversight. Muckrakers had uncovered “democratized corruption” in the nation’s cities a bit too well. By the end of the first decade of the 20th century, many citizens distrusted both government and private industry with ultimate authority over public services (Rodgers 2000: 155–156).

Tom Johnson was surprisingly satisfied with the outcome of the traction fight when he left office at the end of 1909. Although the
public had lost patience and accepted the limited victory of a three-cent fare, the sentiment in favor of municipal ownership of streetcars was stronger than it had ever been. Johnson noted that in February 1911, the Cleveland City Council, dominated then by Republicans, unanimously voted to endorse a bill pending in the Ohio Legislature for municipal ownership of street railways. Additionally, he firmly believed that it was “in the nature of Truth never to fail” (Johnson 1911: 294). Municipal ownership of streetcars would someday come to Cleveland.

The Theoretical Debate Over Municipal Ownership

While debate over the politics of ownership of streetcar lines echoed in the halls of power, the theoretical basis of public ownership was also analyzed in academia and the press. Since both scholarly consideration of politics and government today focuses on national government policies, it is noteworthy that local government was once the center of intellectual debate.

The pages of academic journals were filled with analyses of municipal ownership and city governance in the decades before World War I. More articles on municipal affairs appeared in the 10 years between 1882 and 1892 than the rest of the 19th century (Barron 2003: 2289). Those in favor of municipal ownership of transportation and other public services, such as J. Dorsey Forrest, Professor of Sociology and Economics at Butler University, expressed the very “Georgist” desire to “conserve to the public the unearned increment of the franchise” and ensure affordable and reliable service (Rowe et al. 1906: 152). To these individuals, as Howe (1906: 89) put it, municipal ownership represented an “industrial expression of democracy.”

Private monopolists could also appeal to theoretical arguments. Critics of municipal ownership frequently argued that it would be less efficient and, in the long run, more costly than private control. Rowe et al. (1906: 145) argued that the nation’s “limited experience with public management has shown that municipal industries are constantly subjected to the danger of deterioration consequent upon the failure adequately to provide for their maintenance and
improvement.” Other skeptics claimed that public service monopolies were less protected against corruption than private companies that were publicly regulated. Cleveland City Councilman, H. E. Hackenberg (1906), wrote that he opposed municipal ownership because “there is not the same individual responsibility” when operated by the city; under public ownership, “the incentive of employes [sic] is usually to hang on to their jobs as long as possible, at as high salaries as they are able to get, and then, too, they have more opportunities for graft.” The Cleveland Plain Dealer (1902) expressed a similar fear that the municipal ownership of streetcars would simply replace one type of political machine with another. A more rational policy would leave the ownership and management of streetcars to private business “under strict regulations for the protection of the interests of the city as well as of the traveling public.” Public regulation, not ownership, presented a safer alternative.

In response to the fear of public graft, supporters noted that corruption would be easier to fight under public management than private control. At the Conference of American Mayors on Public Policies as to Municipal Utilities, Newton Baker (1915: 193), then mayor of Cleveland, reminded “those who fear political activity in municipal ownership” that “open activity is better than secret political activity; that it is better to have our adversary out in the field where we can see him and fight him than to have him hiding behind ledgers and books that are closed accounts to public inspection, and where we never know the extent or the character of the forces we are fighting.” Similarly, Howe (1906: 99) argued there would be less corruption under municipal ownership because its main sources—the fight over franchise grants—would be removed. “There can be no question but that municipal ownership will remove the most tempting stakes from the public gaming-table,” he wrote. “It will take the big privileges out of city politics.” It was certainly the case that in Cleveland, the ugliest battles of the traction war, those that involved endless litigation and bribery, were fought over franchise grants and renewals.

Howe also provided a powerful response to the claim that municipal ownership would be less economical than private control. The
issue of municipal ownership, he argued, was “least of all a financial one.” As Howe (1906: 89–90) pointed out:

No other agency of government is subjected to a purely commercial test. The motive of our police, fire, health, street, park, school and library departments is one of safety, convenience, comfort, happiness. Even the annual deficit in the postal department is willingly borne, because the social service is so great. The real test of municipal ownership is not a monetary one; not the relief of taxation; not a profit or loss account; not even cheap water, gas or electricity. It is rather one of higher civic life.

Professor Richard T. Ely tended to agree that the question of municipal ownership was one of “higher civic life,” but he doubted whether American cities were ready for the kind of “social action” needed to sustain it. “The question of municipal ownership is a quest of social psychology,” he insisted. “Have we in our country the social man to back social action?” (Ely 1901: 455).

**Cleveland’s Fight for Fair Taxation**

The battle for municipal ownership of streetcars was not the only one Tom Johnson fought to limit the privileges held by monopolists in Cleveland. Johnson’s efforts on behalf of tax equalization, for example, were aimed at requiring public service corporations to pay their “fair share” of city taxes. He exposed the gross deficiencies within the state’s system of property appraisal and revealed the methods corporations used to “hide” taxable property in order to reduce their overall valuation. When Johnson successfully convinced the Board of Equalization to raise corporate property appraisals, the corporations fought back with lawsuits, injunctions, and campaign contributions to the mayor’s opponents. Johnson prevailed in this fight, and his efforts led to an overhaul of Ohio’s system of taxation. In the same election in which voters denied Johnson a fifth term, they elected four of the five members for whom he campaigned to serve on the newly created Board of Quadrennial Assessors. Three of those elected were single taxers. At the first meeting of this new Board, the members agreed to appraise property at its full value and
to place more emphasis on the value of land than improvements (Bremner 1951b: 311).

Johnson regarded tax reform as a formidable instrument in dismantling the privileges enjoyed by monopolists. “The greatest of all the privileges,” Johnson quipped, “is the privilege of having another man pay your taxes” (Johnson 1911: 129). Public institutions sustained this privilege through shoddy valuation mechanisms and tax exemptions for franchises, rights-of-way, and other “intangibles” that increase land value. In attacking the tax advantages enjoyed by privately owned utilities, Johnson was building on previous efforts. In 1893, a special tax commission created by the legislature had reported, among other things, that the state’s appraisal system invited corruption and discriminated among various sources of property. Although the Constitution required the appraisal of all property at its full market value, the commission found that the state taxed real estate at only 14 to 25 percent of its actual worth and railroads paid taxes on only between 5 and 12 percent (Murdock 1951: 202; Bogart 1911: 507; Howe 1899: 161–162).

The general property tax long suffered from inequities in design. Local and state governments implemented it as a fair way of imposing taxes in proportion to total wealth. Property included a wide range of tangible and intangible assets, including buildings, livestock, furniture, jewelry, machinery, stocks, and bonds. From the outset, appraisers faced difficulties gathering accurate accounts of what things were worth and often relied solely on the values provided by the individual and corporate property owners themselves. Property owners did not always tell the truth. “Before the enactment of Prohibition,” historian C. K. Yearly noted, “probably nothing in American life entailed more calculated premeditated lying than the general property tax” (Einhorn 2008: 208). Besides lying, the general property tax evoked fears, especially in the South, that it would be used as a political tool to discourage the ownership of certain types of property, such as slaves. In reaction to this fear, state legislatures adopted uniformity clauses that mandated the same rate of taxation for all types of property. In this way, Einhorn (2008: 210–211) writes, uniformity clauses attempted to “take politics out of an inherently political decision—who pays the taxes—by setting it in
constitutional stone.” Uniformity worked well in theory, but, as the situation in Ohio illustrated, failed miserably in practice.

Ohio’s system of taxation had changed very little throughout the second half of the 19th century. When Johnson became mayor of Cleveland in 1901, the Constitution still required uniformity, and state and local governments relied almost exclusively on general property taxation for revenue. Three institutions conducted property appraisals. Locally elected Decennial Boards of Appraisers produced general property assessments every 10 years, which were reviewed each year by mayor-appointed City Boards of Equalization. A separate elected body of County Auditors appraised the railroad property that ran through the districts they represented (Bremner 1951b: 302–303). In 1894, the Ohio Legislature passed, and the Supreme Court later upheld, the Nichols Law, which allowed appraisers to determine the total valuation of telephone, telegraph, and express companies from the selling value of their stocks and bonds. Essentially, the Nichols Law allowed the state to determine the franchise values of corporations with interstate charters. After its passage, some hoped the legislature would extend the Nichols Law to apply to street railway, gas, water, electric, and other types of “quasi-public” companies with valuable franchises (Howe 1899: 169). But until Johnson became mayor, there had been no sustained effort in the state to do so.

Tom Johnson entered office with the intention of correcting the severe tax inequities of which he was aware. His program consisted of educating the public and engaging in corrective action. Johnson appointed local lawyer Newton D. Baker and Peter Witt, a former iron molder, to lead a new “Tax School” that would reveal the inequalities in local property assessments and propose more accurate valuations. Besides organizing the Cleveland section of the Populist Party, Witt, had also published a popular pamphlet titled Cleveland Before St. Peter: A Handful of Hot Stuff, in which he listed the city’s biggest “tax dodgers.” Johnson appeared on this list (Bremner 1951b: 305–306; Kolson 2003: 55). Johnson gave Witt and Baker two tasks: a tax map and public hearings. First, he wanted them to use the tax duplicates to produce a large map of all the assessed property values in Cleveland. Second, they were to hold a
series of public meetings with Cleveland taxpayers to determine the “real value of one foot of land by one hundred feet in depth” based on real estate listings and mortgage statements. Then, they produced new maps of each ward listing the actual and assessed values of land in the city. These new maps indicated a wide difference between the actual and assessed values. While some assessments came out much lower than the cash value, others were much higher (Johnson 1911: 127–128).

The Tax School used the Somers System to calculate property values in Cleveland. That method achieved widespread satisfaction among cities in the early decades of the 20th century (Doty 1912: 239). W. A. Somers, a civil engineer, perfected the method in 1896 after his appointment as deputy assessor for Ramsey County, Minnesota, where he discovered a lack of scientific rules or precision to property appraisals (Murdock 1951: 202–203). Somers believed, like Henry George, that location represented the greatest factor in determining the value of real estate and that, since land values were relative, the relationship between the value of one plot of land to another in any given area could be expressed through a mathematical formula. In arriving at this formula, it was necessary to determine both the average unit value of land and the factors that increased and decreased property value. “But perhaps the greatest gain to a community that uses the Somers system is that which comes from the taking part by individual property owners in the work of assessing the realty of their community” (Doty 1912: 239). At the time, it was believed that every landowner knew how much his neighbor’s land would sell for. Somers hoped that the participation of local taxpayers in public meetings would not only lead to more accurate appraisals but also generate greater satisfaction in the inherently unsatisfying activity of paying taxes.

While the Tax School got under way preparing maps and hearings, Johnson held several meetings with members of the Board of Equalization to correct the inequities in corporate property valuation. Increasing the appraisals of the Cleveland public service corporations remained his top priority. In these highly publicized meetings, Johnson reminded each of the members of the oath they had “all sworn to assess property at its full value, 100 per cent,” and
showed them the various ways corporate property escaped taxation (The Cleveland Plain Dealer 1901a). After one meeting in May 1901, Board member T. J. McManus explained to the Cleveland Plain Dealer how corporations utilized the different appraising bodies to shield property from valuation:

A decennial appraiser goes to a large manufacturing establishment to appraise the real estate. He is informed that a lot of valuable machinery was returned as personal property and so does not put it upon his books. Then the personal property assessor comes along and he is informed that the same machinery was classed along with the shafting as real estate and it doesn’t get upon his books. (The Cleveland Plain Dealer 1901b)

Railway companies used similar tricks to lower their property valuations, according to Johnson. To prevent the inclusion of various cars running on their property in tax assessments, Johnson explained, railroad companies tell county assessors that the cars are rentals and will be included on the tax roll of the company that owns them. But when the general property assessor comes to the company owning the cars in question, the company will claim that the cars were counted on the renting company’s tax receipt (The Cleveland Plain Dealer 1901c).

In meetings with County Auditors, Johnson prodded them to consider the value of railroad rights-of-way, which received a special privilege in the way they were assessed:

One mile of right of way of an average width of seventy feet contains about twelve acres of land. The railroads make the claim that these twelve acres should not be taxed any higher than the adjacent farm land, and they get away with the claim. Every farmer knows that is not true and not fair. The right of way is valuable for just what it can be used for—just what it will sell for. The value of right of way is in the fact that it is a continuous, unbroken stretch of land over which trains run forty miles or more an hour—from ocean to ocean. (The Cleveland Plain Dealer 1901d)

The value of rights-of-way, much like the value of franchise grants, represented unearned sources of wealth that originated with society, not private industry. Although Johnson failed to convince the County Auditors of the need to raise valuations, the Board of
Equalizers voted four to three in July 1901 to increase the property appraisals of Cleveland public service companies by 450 percent. Such a large change in assessed value did not go uncontested. The corporations affected by it appealed the ruling. At a hearing before the State Board of Tax Remissions, which included Governor George K. Nash and Attorney General John M. Sheets, Andrew Squire, a representative for the public service corporations argued that the equalizers had acted “without legislative permission” and that their action in raising their valuation amounted to “confiscation” (The Cleveland Press 1902). He insisted that the law only called for the assessment of “tangible property” and that franchise value was clearly “intangible” (Ohio Farmer August 1, 1901). The State Board agreed and overturned the entire increase on February 1, 1902. Shortly after the Board’s decision and perhaps to “prevent a recurrence of such an impertinent increase in appraisal” the legislature replaced the local Boards of Equalization with County Boards of Review, financed by local governments and composed of state appointees (Bremner 1951b: 304). On October 8, 1902, W. J. Crawford, a large property owner and local Republican leader, secured a permanent injunction against the use of city funds to support Johnson’s Tax School. By that time, however, Witt and Baker had finished their reassessments of Cleveland real estate and sent every voter a pamphlet of their findings.

Opposition to tax equity did not stop Johnson from pursuing it further. The legal rulings forced Johnson to formulate alternative methods of attack. In any case, the Cleveland public service corporations were no longer certain that their property would permanently remain under-assessed. In 1903 the Big and Little Consolidated Streetcar corporations in Cleveland voluntarily doubled their reported property values. The five companies involved in the initial appraisal increase issued by the City Board willingly raised their tax assessments from $4.5 million to $7.8 million between 1900 and 1904. Although quite a bit less than the $20 million increase passed by the Board, the action added $60,000 a year to the city’s tax revenue (Warner 1964: 91).

Since the power to block tax equalization in Cleveland resided at the state level, Johnson now turned to state politics. He accepted the Democratic nomination for Ohio Governor in 1903, but spent
more effort on the campaigns of his friends who ran for seats in the state legislature. He was particularly devoted to the election of a single taxer and personal friend, Herbert S. Bigelow, as Secretary of State in 1902. Johnson drove Bigelow to various speaking engagements in his famous car known as the Red Devil (Murdock 1951: 219–220).

Although Bigelow lost the election, the campaign launched his career in public service. He was later elected to the state legislature, Congress, and the Cincinnati City Council. Bigelow also served as a delegate to, and president of, the 1912 Constitutional Convention where he helped secure the passage of constitutional home rule for cities, the initiative, and an act allowing for municipal ownership of public services (Terzian 2004: 66; Bremner 1948: 195, 107).

During his campaign for governor, Johnson’s support for the single-tax idea provided his opponents with ammunition to discredit him and the other candidates he supported. Ohio Republicans targeted rural voters and claimed that if elected governor, Johnson would shift the entire burden of taxation onto land to the detriment of every small landowner and farmer. National organs opposed to the single tax also entered the fray. Gunton’s Magazine, a New York journal edited by the pro-labor and pro-big-business advocate George E. Gunton, often included articles about Johnson’s efforts in Cleveland, particularly about the 1903 election. Gunton lumped single taxers into the same camp as socialists and argued that single taxers wanted “to make every laborer or non-land owning citizen suspicious of, and hostile to, every one that owns land” (Gunton’s Magazine 1903: 294). It even claimed that Johnson promoted class warfare.

Johnson’s statewide efforts were partially successful. Although he was not elected governor in 1903, Johnson maintained control of the Democratic Party in Ohio and helped elect legislators sympathetic to tax reform, including Frederic C. Howe, who served in the state senate between 1905 and 1907. In 1906, the legislature created a special tax commission to study and recommend changes to the state’s system of taxation.

The findings in the 1908 report of the tax commission concurred with the views held by Johnson and his allies. Concluding “that the general property tax is a failure,” the report proposed a major overhaul
of the state’s tax system. In particular, the report emphasized the need to capture the value of “intangible property,” which, the commissioners found, accounted for more than half of the total wealth in the state (Seligman 1911: 277). The report also revealed the need for more frequent real estate appraisals utilizing a scientific process. Moreover, the commissioners found that appraisers significantly undervalued land, despite the constitutional requirement of uniform taxation on the full value of land and improvements. According to their report, between 1871 and 1910 the official assessed value of land and improvements in Ohio increased by around $631 million, of which $610 million was attributed to improvements and only $21 million to rising land prices (Lockhart 1915: 481–482). In other words, over a 40-year period, the rise in land values supposedly accounted for only about 3 percent of the gain in property values. The commissioners regarded this as highly improbable. To correct these inequities, the commissioners recommended greater publicity in matters of local taxation and the creation of a permanent state tax board to strictly enforce all of the laws governing taxation. The legislature enacted both recommendations.

The newly created Board of Quadrennial Appraisers in Cleveland made significant progress towards Johnson’s goal of tax equalization and the single tax. Most of its work, however, came after Johnson’s defeat in 1909 and his death in April 1911. At their first meeting, the members of the Cleveland Board agreed not only to work towards the appraisal of the full value of local property but also to place more emphasis on the value of land than improvements. They also selected W. A. Somers to serve as chief clerk and, by doing so, they repeated much of the work that had been done almost a decade earlier by Johnson’s Tax School. As a result of their assessments, the total valuation of Cleveland property increased from $200 million to $500 million; the value of some parcels increased by a factor of between three and ten (Bremner 1951b: 311). To individuals who objected to the increased valuation of their property, the Board offered the following reply: “Give the Real Estate Board a thirty-day option on your land at appraisal. If the land can’t be sold at that figure, we will reduce it.” According to Bremner, only one property owner in Cleveland took advantage of this offer (Bremner 1951b: 312).
Frederic Howe considered his work on the Cleveland Board “the most satisfactory experience” of his entire political life because of the progress made toward the single tax. The law required the assessors to include the value of buildings and other improvements to land in their assessments, so their work could only represent a partial demonstration of the benefits of the single tax. Still, by insisting on the use of methods that accurately assess the value of land, much of the vacant land in Cleveland was forced into use, and many of the dilapidated buildings throughout the city were improved or replaced with newer structures. As a result, according to Howe, Cleveland blossomed into “one of the finest cities of the Middle West,” and other cities adopted its method of property appraisals (Howe [1925] 1988: 230).

Conclusion

On May 31, 1910, 11 months before his death from kidney failure, Tom Johnson delivered an important speech at a dinner hosted in his honor at the Astor Hotel in New York City. The former mayor highlighted the core values and experiences that had informed his fight against privilege. Johnson began the speech with a tale of an encounter he had once had with a prominent single taxer named John Paul during a trip through Great Britain. John Paul told Johnson of a dream he once had, in which there was a river with dozens of people struggling to get out. While some were pulled ashore “by kind-hearted people on the banks,” many others were not rescued and ultimately drowned. After acknowledging the good work of those who helped pull some of the victims from the water, John Paul told Johnson that it would have been better if some of them had gone upstream to find out who was pushing the people into the river in the first place. “It is in this way that I would answer those who ask us to help the poor,” Johnson told his Astor Hotel audience. “Let us help them, that they may at last fight the battle with more strength and courage; but let us never lose sight of our mission up the river to see who is pushing the people in” (Johnson 1911: 300–301).
Henry George’s work enabled Johnson to focus his energies “up river,” where he sought to identify and thwart the forces that drove people into the rushing current. Building on George’s insights about the origins of inequality in a land of plenty, Johnson targeted the laws and institutions that sustained privilege, rather than the individuals who benefited from them. A single tax on the value of the wealth of corporations and other monopolists would not only destroy land monopoly, Johnson believed; it would encourage municipal ownership of those basic resources and services essential to the lives of 20th-century Americans. In this way, the single tax would attack the economic and political forces that pushed ordinary Americans into the river.

Johnson’s career powerfully demonstrates how the single tax shaped the political imagination and projects of progressive-minded reformers. Unable to make much headway in his efforts to implement the single tax nationally, Johnson successfully applied its principles to fight inequality and improve governance in one dynamic American city. In the same election in which voters denied Johnson a fifth term as mayor, they elected four of the five members of the newly created Board of Quadrennial Appraisers for whom Johnson had campaigned. Three of these men were single taxers (Johnson 1911: 311). More than a year after his death on April 10, 1911, Ohio voters approved a constitutional amendment granting cities the power to issue bonds and own municipal utilities.

Notes

1. This article is adapted from the author’s unpublished doctoral thesis, “The Last Tax: Henry George and the Social Politics of Land Reform in the Gilded Age and Progressive Era” (Brandeis University, 2013).

2. The public expressed its support for Johnson’s work toward the three-cent fare in other ways besides voting. In his first two years of office, Johnson received many letters of approval and fielded a number of requests for advice from city officials and interested students around the country. By 1903, Johnson had become national expert on the street railway issue. “Believing that no one is better qualified to discuss street car operations than you are,” the manager of the Fort Wayne, Indiana Journal-Gazette wrote to Johnson, “we take the liberty of asking you, whether you believe it possible for a company operating in Fort Wayne, with a population of about 50,000,
to sell seven tickets for twenty-five cents on board the cars and do a profitable business” (Rockhill 1902). Johnson also fielded requests for statements from high school and college debate clubs studying the question of municipal ownership or transit politics. In one particularly revealing letter to the mayor, 13-year-old Clara Rugers asked for Johnson’s help financing her education. “I have heard mama say you was the best man in Cleveland, and is so kind and papa is dead and mama is sick . . . we live in the country I have been taking the street car to Oberlin mama can’t afford to pay it” (Rugers 1904). Clevelanders needed a low-fare streetcar to travel within the city but also to and from it.


4. Some local governments taxed liquor and in 1893, the state passed a “collateral inheritance law,” which was overturned two years later. See Bogart (1911: 506).

References


