Hazen S. Pingree and the Detroit Model of Urban Reform

By Alexandra W. Lough*

ABSTRACT. Hazen S. Pingree was a remarkable civic leader. In his four terms as mayor of Detroit from 1889 to 1897, Pingree lowered the cost of vital public utilities, including gas, lighting, and transit; modernized the city’s sewage system; and rooted out corruption and dishonesty in municipal government. He successfully spearheaded the movement for the three-cent streetcar fare and brought Detroit to the brink of public ownership and operation of its own transit system. Pingree’s social reform program for Detroit centered around two interrelated urban reform movements gathering steam at the turn of the 20th century: the movement for municipal ownership and the movement to equalize taxes by increasing taxes on corporate property. Both of these movements drew heavily from Henry George’s single tax. In particular, Pingree’s efforts to secure a municipally owned and operated street railway system and effort to increase taxation on corporate property illustrate the ways in which turn-of-the-20th-century civic leaders drew from the rhetoric and substance of George’s ideas to implement progressive urban reforms.

Introduction

By most accounts, past and present, Hazen S. Pingree was a remarkable civic leader. In his four terms as mayor of Detroit from 1889 to 1897, he lowered the cost of vital public utilities, including gas,

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lighting, water, and transit; modernized the city’s sewage system; and rooted out corruption and dishonesty in municipal government. He successfully spearheaded the movement for the three-cent streetcar fare and brought Detroit to the brink of public ownership and operation of its own transit system. At the height of the Depression of 1893–1894, he instituted one of the most famous systems of outdoor relief. Pingree’s Potato Patches, as the system became known, provided free farms to poor families on unused land where they could grow, among other things, potatoes. Pingree also oversaw the construction of new parks, better schools, and public baths. At the end of his fourth term as mayor, state voters elected him to the governorship where, in two terms, he helped pass one of the most sweeping tax reform bills in the state’s history. In 1985, urban historian Melvin Holli (1999) conducted a national poll among urban scholars and journalists to find the 10 best and worst big city mayors in the United States since 1885. Pingree came in third, just below Fiorello La Guardia (1934–1945) of New York and Tom Johnson (1901–1909) of Cleveland.

Pingree was not just a remarkable mayor, he also was a pioneer. When Pingree first assumed local office in 1890, Holli (1969: 157) pointed out that, in the United States, “there was not a single municipal model after which Pingree could have fashioned his social reform programs for Detroit.” In the era of machine politics and boss rule, most other big city mayors prioritized structural improvements designed to make municipal government more efficient and less corruptible. Such reforms included new city charters, improved auditing and accounting mechanisms, and electoral reform. Pingree also pursued structural changes. He secured, for example, expanded veto powers, and he fought for a new city charter. But he also discovered early in his political tenure that the complexities of urban life demanded a more robust social program. In prioritizing social justice over political change, Pingree crafted a new model of municipal reform.

Pingree’s social reform program for Detroit centered around two interrelated urban reform movements gathering steam at the turn of the 20th century: the movement for municipal ownership and the movement for tax equalization. Both of these movements drew heavily from Henry George’s single tax. In particular, Pingree’s efforts to
secure a municipally owned and operated street railway system and increase taxation on railroad property illustrate the ways in which turn-of-the-century civic leaders drew from the rhetoric and substance of George’s ideas to implement progressive urban reforms.

Besides his incorporation of single-tax principles, Pingree’s success in passing meaningful social reform also depended on his ability to enforce political loyalty, willingness to sacrifice personal time and money for his causes, and direct appeals to the city’s voters. Although highly critical of the machine-style politics practiced by political bosses like New York’s William Tweed or George Cox of Cincinnati, Pingree utilized some of their same techniques to remain in office and win support for his programs. As Dorsett (1972: 151–152) has pointed out: “The Pingree organization assessed political appointees for campaign funds and made loyalty to the mayor’s principles a requisite for keeping jobs.” Additionally, Pingree chose not to prosecute prostitution, violations of the state’s Sabbath laws, or illegal liquor sales. “Accepting support from the underworld,” Dorsett continued, was “part of the machine tradition.” To Pingree, however, these “unsavory” practices were mere symptoms of the much more serious social problems of unemployment, low wages, and the rising cost of living.

Pingree’s success also stemmed from his willingness to invest a considerable amount of his personal time and interest. To raise money for his Potato Patches, for example, Pingree sold his prize-winning Kentucky racing horse, Josie Wilkes, at auction. Although largely symbolic, the gesture made a significant impact. “The important thing was that the transaction had the desired psychological effect of capturing the public imagination,” Detroit historian George Stark (1943: 420) explained. “Funds poured in on the mayor and land was soon available.” Similarly, when Pingree discovered that the gas companies in Detroit had been overcharging customers—including himself—he successfully filed a lawsuit, demanding reimbursement. As a wealthy man, the lawsuit served the mayor’s larger purpose of demonstrating that his administration would not tolerate dishonest business practices.

Pingree’s reform program also depended in large measure on his ability to speak directly to the voters of the city. Established early in
his career and maintained throughout his political tenure, Pingree routinely held “advisory elections” to gauge voters’ support for his policies or force the hand of a recalcitrant Common Council, the lower house of the city’s legislature. Although elections were held on a variety of issues, the most common during the Pingree administration concerned streetcars. Each time the council passed an ordinance renewing or extending an existing franchise, Pingree submitted it to the voters for an up or down vote. When Detroit’s two largest newspapers—The Detroit Free Press and The Detroit News—refused to publish the mayor’s statements on controversial issues, Pingree printed public circulars and held “night schools” to explain his positions. His tendency to directly publicize his ideas and plans led one journalist to remark towards the end of his fourth term as mayor that “[w]hatever else Mr. Pingree may or may not have done for the city of Detroit, there is no doubt he advertised it” (Bain 1896).

**Henry George and the Single Tax**

Like many urban activists of the late 19th and early 20th century, Pingree pulled from the lucid social and economic analysis of Henry George (1839–1897) in formulating his reform ideology. In particular, George’s incisive description of the problems plaguing modern industrial society and potential remedies for them provided a wellspring of thought from which civic leaders drew. His ideas were used to justify a variety of proposals designed to reduce the vast inequalities of wealth and provide a modicum of economic stability. That was particularly important in the late 19th century, when communities were recuperating from the Long Depression of the 1870s and, later, the Depression of 1893–1894.

While living and working as a journalist in California, George grew perplexed by the conditions he witnessed around him and he sought to better understand what appeared to him as the fundamental paradox of industrial capitalism: the fact that progress seemed perversely to deepen social inequality and economic instability. His 1879 book, *Progress and Poverty*, challenged the widely accepted doctrines of property rights and laissez-faire and became an international bestseller.
George proposed a simple solution to the problems of economic inequality and industrial depression. Unlike other social commentators of his era who attributed economic disruptions to overproduction, unsound monetary policies, or Darwinian forces, George singled out private property in land. He called for the replacement of all federal, state, and local taxes with one tax on the market price of land. His proposal became known as “the single tax” and those who supported it were called “single taxers.”

George employed a broad definition of land, arguing that the term applied not only to “the surface of the earth,” but to all the “natural materials, forces, and opportunities” freely supplied by nature (George [1879] 1981: 38). Drawing on John Locke’s labor theory of ownership, George argued that “[t]here can rightfully be no exclusive possession and enjoyment of anything [that is] not the production of labor” (George [1879] 1981: 335). Capital, consisting of buildings, machines, tools, and other equipment, presented a defensible form of personal property and should not be taxed. Land, which was not a product of human labor, was another matter.

Though he believed that private property in land was unjust, George ([1879] 1981: 405) 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:

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.

By rent, George referred not to the monthly fee tenants paid in exchange for an apartment lease, but to the annual value of services provided by land and other natural resources.

George believed that the expansion of rent in an economy accounted for the relative decline of wages despite the increased productive power of labor. He also believed rent provided a legitimate source of taxation because it was “unearned.” By unearned, he
meant that personal improvements did not account for 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 one person’s exertion, George argued, but the result of a combination of natural and social forces for which no individual could claim responsibility. As such, George argued that land values irrespective of improvements rightfully belonged equally to all members of the community. Through the single tax he proposed to socialize land rent.

Although the single tax was never adopted by any jurisdiction in its pure form, George’s concept animated many of the most notable social reform movements of the era of high industrialism. Populists cited George’s ideas to help farmers struggling to compete with corporate growers. *Progress and Poverty* informed the nascent labor movement’s struggle to keep wages high enough to cover the rising cost of urban life. Socialists drew from George’s critique of land monopolizers to support various land nationalization proposals. State and local government officials drew from the single tax in their efforts to reform tax assessment procedures and justify operating natural monopolies such as streetcars, electricity, and water delivery.

**The Single Tax and Progressive Urban Reform**

Few institutions of American culture experienced such profound changes in the 19th century than the city. In the colonial era, cities and towns were established largely out of necessity—to protect settlers from the dangers and uncertainties of the New World. But, by the turn of the 20th century, cities had become the prime agents of industrial progress—the vital organs of America’s cultural and economic body.

The evolution of the city from a necessary evil into a fixture of American life is closely tied to the story of the nation’s economic transformation from a colonial outpost into the world’s largest industrial economy. Although this transformation was large and profound, it occurred within a very short timeframe. Within just five decades—from roughly 1820 to
1870—the machine replaced manual labor as the dominant source of energy and productivity; the shop system was supplanted by large and impersonal factories; and new cities formed and old cities re-formed around these factories, which processed raw materials and manufactured finished products on a scale never before imagined. Demanding a steady stream of workers, urban populations grew rapidly. In 1820, only 7 percent of the U.S. population lived in urban areas of at least 2,500 people or more. By 1870, that number had increased to 25 percent and, by 1890, cities contained little more than one-third of the nation’s population (U.S. Census Bureau 1990: Table 4).

In addition to adding more people, cities began to specialize in one or two major industries, which provided the lion’s share of jobs and wealth. For Chicago, that industry was wholesale slaughtering and meatpacking. For St. Louis, it was tobacco products. For Detroit, it was lumber. With this trend toward industrial specialization came increased interdependence. The extent to which the existence of these cities depended upon the performance of its primary industry was incredible. Even minor economic disturbances affected the entire city. Urban historians Klein and Kantor (1976: 99) paint a vivid picture of the “domino like interdependencies” of industrial cities, writing:

If a plant declined or failed, stockholders lost money, managers were fired, and workers were laid off. Railroads, warehouses, and other service industries soon felt the pinch. Everyone from the grocer to the barber lost business. As unemployment spread and incomes declined, people confined their spending to the bare necessities, setting off a wave of contraction among merchants ... Unless the cycle was reversed by a renewal of industrial activity or an infusion of new business, the town was likely to stagnate.

By 1890, American cities had become densely populated, highly specialized, and full of interdependencies.

Cities in the late 19th century were also grossly mismanaged. “There is no denying that the government of cities is the one conspicuous failure of the United States,” according to Viscount James Bryce ([1888] 1906: 241), Britain’s ambassador to the United States. One of the primary reasons for cities’ shameful mismanagement
resulted from the form of government they had inherited from the state. “Instead of organizing our municipalities with due reference to the problems with which they have to deal, we have consciously and unconsciously applied analogies taken from our state and national governments,” explained Leo S. Rowe, a lecturer and expert in municipal government (Rowe 1897: 318). Similar to their state and federal counterparts, city charters emphasized separation of powers and a strong system of checks and balances, making it difficult for municipal governments to act quickly or effectively in response to the new challenges that faced them as a result of rapid industrialization. Additionally, states deprived cities of even the most basic self-governing powers; cities could not sell bonds, levy taxes, contract debt, or finance public improvements without state authorization.

Although state laws governing cities created obstacles to efficient management, the dependence of cities on the state served a political purpose:

Municipalities offered several enticements to state political chieftains. They possessed large numbers of voters in a compact area, which meant they could be organized with relative ease … By extending the state’s role in municipal government, the parties could seize a lucrative share of the action for their own purposes. (Klein and Kantor 1976: 332)

Lacking either the authority or revenue to provide much needed services to their growing populations, city leaders appealed to party officials or “bosses.” Well-connected and financed, political bosses could gain the necessary authorizations from the state to finance improvements or contract debt much faster than city bureaucrats. In exchange for their services, however, party bosses demanded lucrative contracts, city jobs for their henchmen, and public franchises for the corporations they controlled. By the close of the 19th century, the rewarding of public franchises became a prime source of corruption in urban politics.

Given the complexities and challenges facing local governments, cities became the breeding grounds for the social activists and political reformers historians classify generally as “progressives.” Although they lacked a common political party or background, progressives
pursued a common “agenda of social politics.” Central to this agenda was the notion that “not everything belonged in the market.” As Rodgers (1998: 29–30) explains: “Against the onrush of commodification, 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.” One of those “elements” that progressives wanted to remove from market processes and ordinary private ownership was urban land. Influenced by Henry George, activists believed that land belonged in a separate category from other tradable commodities because land rises in value independently of individual action.

To this distinctive category of land and natural resources, progressives added child labor, education, healthcare, housing, water, and natural monopolies—those industries in which it is most efficient to have just one supplier. George ([1883] 1981: 241) also believed that natural monopolies 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 properly functions of State.” With regard to railroads, George ([1883] 1981: 247) famously wrote: “Either government must manage the railroads, or the railroads must manage the government. There is no escape.”

The movement to transfer the delivery of goods and services from private to public providers at the city level was called municipal ownership. Similar to George’s single tax, which aimed at reclaiming and distributing socially created land values, advocates of municipal ownership targeted the socially generated profits of public utility and service corporations. As Ohio State Senator and single-tax advocate Frederic C. Howe (1907: 313–314) explained:

[The value which [public utility] corporations enjoy in the market is social in its origin. It is created by the community itself. No act of the owner gives them the earning power which they enjoy… Moreover, the franchises and privileges that these corporations enjoy are granted by the people themselves. They are created by law. No labor enters into
their making. They are a free gift from all of the community to a few of its members.

Advocates of municipal ownership attacked the injustice of allowing private corporations to amass huge profits for providing services required by all residents and using natural resources and public property—streets, water, and gas—to do so.

Proponents of municipal ownership also pointed to the connection between the awarding of public franchises and the corruption and greed that came to define urban politics by the turn of the 20th century. In an address before the Marquette Club of Chicago in 1900, Pingree told the audience that “[w]hile Mayor of Detroit I was offered $75,000 if I would sign a gas franchise, or if I would be out of town and let it become a law without my signature” (Pingree 1900a: 13). Pingree supported municipal ownership in part because he believed that corruption and mismanagement would be easier to fight under public management than private control. “If the people are given the right to own and operate the public utilities which furnish them with water, light and transportation,” he continued, “you will find that a regard for their own pocket-books will be the most effective preventative of corruption in city government” (Pingree 1900a: 12).

Municipal ownership, however, required a larger degree of local autonomy than most American cities enjoyed in 1890, when Pingree first assumed public office. In their efforts to secure municipal ownership, Pingree and other progressive reformers throughout the country also fought for measures designed to increase cities’ governing authority in local affairs. Such measures included the initiative, referendum, and home rule—the authority of city government to levy taxes and pass legislation without interference from state lawmakers. Throughout his tenure as mayor, Pingree continuously fought for a new city charter that would grant Detroit home rule. “Each community is sufficiently individual to require some special form of charter in order to realize the highest possibilities of excellence,” he explained in his Sixth Annual Message to the Common Council. “The people of Detroit are the best judges of the
peculiar necessities and wants of their locality” (Pingree 1895: 5–6). Despite his best efforts, Detroit did not win home rule until 1918.

Pingree did not come to the mayor’s office an outspoken champion of municipal ownership or the single tax, but after 10 years of fighting Detroit’s traction (streetcar) companies, he became, generally, an advocate of both. The reason for this evolution lies in the fact that, for a variety of reasons, the traction issue illustrated the disparity between the community’s stake in the management of utilities and the effects of private control of them. Franchises for street railways had been awarded when industrial cities were still forming. Eager to bring more people and goods into the city, local leaders granted franchises on favorable terms and for long periods of time (Patton 1969: 9; Glaab and Brown, 1967: 183). The first streetcar franchise awarded in Detroit in 1862, for example, was for 30 years and went to the Detroit Railway Company (DCR) to provide transportation for five cents per ride on a three-mile track on Jefferson Avenue—the city’s busiest street. In return, the city collected a mere $15 dollar license fee for each streetcar (Smith 1997: 7). In some cities, franchises were awarded for periods of 50 to 100 years, or more as in the case of Albany, which granted one for 1,000 years (Glaab and Brown 1967: 183).

Streetcars also were undergoing a phase of massive expansion. The total distance covered by streetcar tracks in America increased from 2,000 miles in 1880 to more than 8,000 miles in 1890. By 1922, that number reached 22,000 (Welke 2001: 17). As streetcars expanded, they became an integral part of urban life. By 1890, according to Rodgers,

[s]treetcars were potentially everyone’s utility. 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 1998: 145)

Nearly every class of citizen depended, in some capacity, on streetcars to experience the full experience of urban living.

Pingree’s approach to the urban transit issue in Detroit mirrored his broader reform agenda and embodied the principles he
associated with social justice. Pingree was not an ideologue; he accepted piecemeal reform of the streetcar industry so long as those reforms moved in the direction of better service, lower fares, and greater public oversight. Pingree also worked within the confines of his position as mayor, stretching his authority as far as it would reach, while at the same time working to expand the governing rights of local governments. Finally, Pingree pursued his goals on a variety of fronts. While working to municipalize Detroit’s streetcar system, he also fought to remove special tax exemptions and improve assessment practices so that railway companies and other large corporations paid their fair share of the state tax burden.

Pingree’s Origins

Hazen Pingree was born August 30, 1840 near Denmark, Maine in the southeastern region of the state. His father farmed and worked as a cobbler to support the family’s eight children. Pingree left home at the age of 14 to work in a cotton factory in Saco, Maine. In 1860, he moved to Hopkinton, Massachusetts and trained as a leather cutter in a shoe factory. In August 1862 Pingree became the first man in Hopkinton to enlist in the Union Army. During the war, Pingree spent several months in the Confederate prison at Andersonville. In 1864 he was traded back to the Union Army and released from service in 1865. Upon his discharge, Pingree moved to Detroit where he had secured a job cutting leather at a boot and shoe factory owned by H. P. Baldwin. In December 1866, Pingree and a business partner, Charles H. Smith, purchased the firm from Baldwin for $1,300. By 1883, the factory was earning $500,000 annually and Pingree was a rich man (Holli 1969: 3–7).

When Pingree arrived in Detroit, the city was in a period of transformation. “Once a fur trading center and a way station for voyagers and shippers,” Holli (1969: 4) writes, “[Detroit] had begun to benefit from the exploitation of white pine and virgin hardwoods of upstate Michigan.” Detroit was well on its way to becoming a major producer of lumber. The population of Detroit was changing too, growing larger, and more diverse. In 1860, the city boasted a population of about 45,000 people. By 1880 that number had grown to 115,000
and by 1890 Detroit was the 15th largest city in the United States with a population of 205,000. Much of the population was foreign born. According to the 1890 Census, at least 80,000 of Detroit’s residents were born abroad and another 78,000 reported at least one parent of foreign birth (Holli 1969: 10–11; Caitlin 1923: 592).

Similar to other cities in the late-19th century, Detroit’s government consisted of a mayor, bicameral legislature, and several administrative departments. The mayor enjoyed the power of appointing most department heads—with the exception of the Police Chief, who was chosen by the governor—and a veto over council resolutions (Holli 1969: 9). While members of the lower house of the city legislature—the Common Council—were elected by the population at large, representatives to the upper chamber—the Board of Alderman—were elected by ward. While some of the wards “managed to elect capable men,” Detroit historian George Caitlin (1923: 592) wrote: “An astonishing number of the members of the common council were saloonkeepers and bartenders, or men who had no known occupation or calling except as chronic holders of petty political offices, appointive or elected.” Unsurprisingly, city elections often lacked integrity. Without laws governing the printing or distribution of ballots, political party committees circulated the voting cards used at elections (Stark 1943: 409).

A convention of representative Republican professionals nominated Pingree to run for mayor in 1889 with the hope that he would instill some much needed business sense into Detroit government. He did not disappoint. During his first term as mayor, Pingree successfully mitigated a large streetcar railway strike, unveiled plans to build a municipal lighting plant, and issued a clear signal that under his watch, the city would no longer trade, sell, or gift public resources to private companies without guarantees for significant improvements in service.

The Fight for Better Service

Pingree’s business experience proved useful during his first term as mayor. Within a year of taking office, on April 21, 1891, hundreds of streetcar workers went on strike after the Detroit Railway Company—the
city's principal transit line—fired 12 AFL union members who were trying to organize a citywide Streetcar Employees Association. Pingree had experience with labor disputes. In May 1885, the Shoemakers of the Knights of Labor struck at Pingree's factory demanding a union shop, an end to contract labor, and wage adjustments. The strike hurt the firm financially and dragged on for nearly a year when Pingree finally agreed to arbitration. The experience, however, was transformative and marked “the beginning of his long romance with the wage-earning class and later the unorganized masses” (Holli 1969: 7).

At the very least, the 1885 strike demonstrated to Pingree the value of working with labor rather than against it. Thus, when faced with another strike as mayor, Pingree pursued measures designed to de-escalate tensions between labor and management. He refused, for instance, to give into the demands of the Detroit Railway heads to send additional police protection or call the state militia. Weighing the demands of the strikers and the feelings of the populace, Pingree decided instead to push the streetcar companies to accept arbitration. His position may have been influenced by the fact that the strike was supported by a majority of the Detroit public who had grown tired of the company's poor service and failure to make good on its promise to modernize its outdated equipment. At the time, the Detroit street railway system was a very noticeable exception to the national trend of electrification. Both the city's principal and suburban lines relied almost exclusively on horse-power (Holli 1969: 37).

In arbitration, the Detroit Railway Company agreed to hire back the fired employees and modernize its equipment. In return, however, the company wanted a 30-year franchise renewal, which it pushed through the Common Council not three months after the strike had ended. Pingree vetoed the measure when it reached his desk and in his veto message indicated his intention to radically change the way the city handled its most valuable resources. “The city’s valuable franchises are property,” Pingree (1891: 2) wrote, “as much so as the money of the city, rated by taxation, in the city’s treasury and in my opinion, no property of the city should be given away, either as a reward or merit.” Under his watch, the city would no longer grant franchises without considerable concessions by the
companies or guarantees for better rates and service. By the end of his first term, Mayor Pingree had vetoed four other franchise renewals submitted by the Detroit Railway Company.

The Fight for Lower Fares

Hazen Pingree ran for reelection in 1891 and 1893 on the promise that he would continue to veto any and all franchise renewals of the streetcar companies unless they significantly lowered their fares and agreed to greater public oversight. Pingree (1893: 19) pledged: “Under no circumstances, would I recommend the hampering of the people’s rights by extending any monopoly of natural rights, without limiting the power, and being able to in a degree, limit the earnings to an equitable sum of all such contracts or agreements.” In particular, he called for a “workingmen’s fare” of three cents on all lines during working hours, with free universal transfers.

With a going rate of five cents, plus additional charges for line transfers, there was no way, his opponents charged, streetcar companies could turn a profit on a three-cent fare. In response, Pingree admonished that in the granting of franchise, “no special consideration” should be given to the railway companies, who will see the value of their franchise increase with little to no effort of their own. As he explained to the Common Council:

The street railway monopoly may be fixed at a price that may seem fair today, and in ten years, through the growth of the city, the same privilege will exceed the present value by millions. To whom should this great enhancement be credited and made useful if not to the entire people who have added this growth and value? (Pingree 1893: 19)

Additionally, Pingree argued, the precarious financial position claimed by Detroit’s streetcar companies had been brought on by overcapitalization, by which he meant the excessive sale of securities by traction companies. Urban reformers and municipal experts of the time often criticized public service corporations for issuing massive quantities of stocks and bonds with few real assets to back them except the expectation of a future increase in market value.
Public utility expert Delos F. Wilcox (1910: 115) explained the strategy behind this practice:

By getting these securities scattered about among “innocent investors,” the original promoters of the company give color to the claim that the owners have put a great amount of money into it and that the “widows and orphans” who depend on the dividends paid cannot with justice have the value of their holdings diminished by public action.

Although few dividends were ever paid for these false securities, public service corporations successfully utilized this technique to defeat legislation designed to reduce rates or improve service.

In 1893, Pingree ordered an audit of the entire Detroit streetcar system, then controlled by the Citizens’ Railway Company. The audit confirmed what he suspected: the companies’ stock was significantly watered. To force the Citizens’ Company to honor its contractual obligations to modernize its service and lower rates, Pingree organized a competing privately owned company—the Detroit Railway—to build a three-cent line. In December 1894, the Common Council authorized a 15–year franchise to the Detroit Railway with an agreed rate of fare of eight tickets for 25 cents between the working hours of 5:45 a.m. and 8 p.m. and six tickets for 25 cents during all other hours. Additionally, the franchise stipulated that the Detroit Railway Company offer free transfers to other lines (Bemis 1899: 474).

Although mainly limited to side streets, the line was very popular and prompted immediate retaliation from the Citizens’ Company, which in 1895 had come under the management of streetcar monopolist turned single taxer, Tom Loftin Johnson. Rather than try to compete with the three-cent line, Johnson filed suit against the city, claiming that the company’s 1862 franchise gave it exclusive access to establish railway lines in the city. When the suit failed, Johnson then exerted political pressure on Pingree’s opponents in the council.

While the mayor was away at a conference in 1895, Johnson snuck an ordinance through the council and over the acting mayor’s veto giving the Citizens Company the right-of-way on a prominent Detroit side street, based on an oral agreement that his line would allow the mayor’s new three-cent fare line to operate on the
Citizen’s Michigan Avenue tracks. When the Citizens’ Company reneged on Johnson’s promise, Pingree personally spearheaded a city-wide boycott of the company. “This fight ain’t going to stop until Johnson gets right down on his knees,” Pingree told a crowd of his supporters (Holli 1969: 106–107). The boycott was successful and Johnson was forced to capitulate. By the summer of 1896, the Citizen’s Company was offering three-cent fares on a majority of its lines, and, by 1899, three-cent fares were in operation on nearly one-third of Detroit’s railways (Holli 1969: 112).

The Fight for Municipal Ownership

Pingree spent much of his fourth and final term as mayor of Detroit working to make the three-cent fare permanent through a plan to municipalize Detroit’s transit system. Six years of fighting for incremental change demonstrated the futility of securing a long-term solution to the transit problem while Detroit’s streets remained under private control. As Pingree (1897a: 8) explained in an address before the Nineteenth Century Club of New York,

My experience has brought my mind to this conclusion: That the streets of a city belong to the people and that no mayor or common council has the right to barter them away. They belong to the living and not to the dead … So long as we allow persons to speculate in the use of our streets we must expect the people to be subjected to exorbitant charges.

Municipal ownership offered the only protection against future increases of fares because the root of the problem lay in private monopoly. Pingree (1897a: 11) continued:

It is the duty of government to protect the weak against the strong, the poor against the selfishness of wealth … We must begin by advocating municipal ownership of natural monopolies and take away from them the item of profit and relieve the wage-earner to that extent.

Without a constitutional amendment, however, the public ownership of streetcars and railways was out of the question. After a disastrous experience financing public works in the early decades of the 19th century, in 1850, the people of Michigan passed a constitutional
amendment declaring: “The State shall not be party to, or interested in, any work of internal improvements nor engaged in carrying on such work except in the expenditure of grants to the state of land or other property” (Bemis 1899: 485). The state supreme court would likely consider the building and operating of a municipal street railway, legal scholars warned Pingree, an “internal improvement.”

In early 1896, Pingree began searching for a way to circumvent the constitutional prohibition against municipal ownership and enlisted the cooperation of his former enemy, Tom Johnson. By then, Johnson had grown tired of the situation in Detroit and wanted out of the market. He also had begun planning for his own career in urban politics where, he believed, single-tax principles could be used to guide reform. In 1901, Cleveland voters elected Johnson to the first of his four terms as mayor, during which he municipalized garbage collection, street cleaning, lighting, and the operation of bathhouses. He also implemented the city’s first three-cent streetcar fare and a short-lived, publicly owned streetcar system.

Together, Johnson and Pingree worked out the details of a plan whereby Detroit would acquire all of the railway property and franchises of the Citizens’ Company. The McLeod Act, as the plan became known, created a three-member Railway Commission—appointed by the Common Council—and empowered it to buy or lease from the Citizens’ and other streetcar companies all the railways in the city and to operate them for the people. According to the terms of the Act, the commission could regulate every aspect of the railway system, including fares, transfers, schedules, track locations, and even the hours of streetcar employees. Three-cent fares would be offered immediately and the city would hold an option to acquire complete ownership and operation of the system once permitted by the state constitution (Moore 1899: 454; Bemis 1899: 476; Holli 1967: 115–116).

Ensuring passage of the Act creating the Detroit Railway Commission was one of his last actions as mayor of Detroit before Pingree headed to the governor’s office. Not wanting to be excluded from what was potentially history making, Pingree had himself appointed chair of the commission. Throughout Pingree’s first year as governor, 1898, the commission haggled with Johnson over the valuation
of the Citizens’ Company property. Ultimately they settled on a valuation of $17,000,000, more than half of which represented the value of the Citizens’ franchises. According to the terms of the Act, the city would issue bonds at 4 percent interest to pay for the equipment and offer a 30-year franchise with a rate of 25 cents per six tickets as security, should the city default on its bonds (Wilcox 1904: 87).

With the details worked out, Pingree and his supporters pressed the Detroit Council and its new mayor, William C. Maybury, to move forward with the purchase plan. Worried that the plan would be overturned by the courts, Maybury threatened to veto the measure, forcing Pingree to take his fight directly to the people. He organized night schools and from July 13 to 29, 1899, he printed 14 broadsides under the title “3c. Fare” in which he explained the logistics of the plan and why it was right for Detroit. He also used the broadsides to appeal to the voters’ emotional side and discredit “the opposition.” In the first circular, Pingree (1899) pleaded with the voters:

You have stood with me in all these fights, and if you continue to stand with me and not be deceived by the tongue of slander and the hypocritical claims of pretended reformers who have slept while you have been fighting and who expect to fight while you are sleeping, we will win a victory that will make our beloved city famous throughout the world.

One of the largest sources of criticism toward the Act was the inclusion of the security franchise. Although included simply to guarantee the value of the bonds, the opposition pointed to it as evidence that the entire plan was part of an evil plot by Johnson to gouge the people of Detroit and that by agreeing to its inclusion, Pingree had been “hornswoggled” (Holli 1967: 121).

Despite Pingree’s best efforts, he could not generate enough support to convince the council to pass the measure over Maybury’s veto threat. It would not have mattered even if he could. On July 5, 1899 the Michigan Supreme Court invalidated the McLeod Act as a violation of the 1850 clause that prohibited the state from engaging in internal improvements. The court’s logic, as Bemis (1899: 484–485) explained, was that “what the state could not do it could not authorize its townships and cities to do.” Although the state authorized cities
to own and operate lighting plants and waterworks, these activities fell under the police power granted to local governments to prevent crime.

While Pingree’s attempt to municipalize traction in Detroit ultimately failed, urban reformers drew several lessons from the fight. In his autobiography, Tom Johnson (1911: 96) credited Pingree for convincing him of the practicability—and profitability—of a three-cent car fare. “It was Mayor Pingree’s promotion of that three-cent line for Detroit that impressed me with the practicability of this rate of fare. The company’s loss is so slight compared to the gain to the public that where the traffic is dense, people should insist upon the lower fare.” As mayor of Cleveland, Johnson actually utilized the same technique as Pingree and awarded a franchise to a competing three-cent fare to drive the price down on the other lines as well.

Bemis (1899: 489) primarily learned from Pingree’s efforts that the cost involved in reclaiming the city’s right to manage the streets would be exorbitant:

> The chief lesson thus far that the country can derive from the whole history is the magnitude of the franchise value, reaching into the millions of dollars, which any common council, under the present conditions, has the opportunity of giving away for a mere song in a single night’s session, and the difficulty of recovering for the people what they have once given away.

Once granted, franchises proved legally difficult—and expensive—to recover from private owners. As a safeguard, Bemis recommended that every state amend its constitution to include a provision that would require voter approval for all future franchise grants and would allow any city to buy back any and all property and franchise rights from a private utility or service corporation after a period five years.

**The Fight for Equal Taxation**

Stymied in his attempt to municipalize transit for Detroit, Pingree attacked the transportation companies on a different front: taxation. Railway companies in Michigan largely escaped taxation because of
special exemptions the legislature had awarded to a handful of companies in the mid-19th-century constitutional revisions. In lieu of the payment of a property tax, companies operating railroads, telegraphs, and express lines were charged a 1.5 percent tax on gross earnings. At a special session of the legislature, the newly elected Governor Pingree (1879b: 5) pointed out that by taxing the income rather than the property, railroad corporations were “not bearing their proportion” of the state tax burden.

Pingree (1897b: 6) reported that in 1895, railroad companies paid less than one-10th the percentage of taxes paid by other taxpayers in the state. In some cases, much less. Although the Detroit Union Railroad Depot and Station Company’s property was valued at just over $2.2 million, for example, the company had paid a mere $3,739 in taxes. That amount, Pingree explained, was equal to less than one-sixth of 1 percent of what their property is worth, and less than one-15th of the average percent paid in taxes by individual taxpayers of the state. Pingree (1897b: 16) questioned whether there were any legitimate grounds by which the state could possibly justify such a gross violation of fairness:

The railroad companies will make a profit out of every appropriation made, while they contribute a mere pittance in proportion to the general taxpayer. They will make a profit upon every student who is carried to our normal school or university; upon every prisoner who is taken to one of our penitentiaries; upon every insane person who is transported to an asylum; upon every pound of freight that is carried to any of the State institutions for their use. On what principle can it be said that they should not bear their proportionate share of the cost of maintaining these establishments?

To correct the inequities in the current system of taxation, Pingree suggested removing the special assessments on railroads and increasing taxes on the real estate owned by these companies. Additionally, he proposed to lower the taxes—or remove them altogether—on goods and capital improvements.

The 1897 session was not the first time Pingree had made this pitch. In his last term as mayor of Detroit, Pingree had outlined a similar plan and instructed the Committee on Taxation to lobby the
legislature for its passage. In justifying his scheme, he drew heavily from the lessons of Henry George’s single tax. George (1879: 413) explained that, unlike taxes on goods and services, a tax on land values would not discourage production, nor could such taxes be shifted onto the consumer in the form of higher prices: “Taxes on the value of land not only do not check production as do most other taxes, but they tend to increase production, by destroying speculative rent.”

Similarly, Pingree (1896: 27) lectured the Common Council on the debilitating effects of taxing productive activity:

Taxation of the products of labor tends to discourage production of wealth and to reduce wages. It is like drying up the source of a stream. On the other hand the taxation of real estate, especially that held for speculation, is a benefit to industry of all forms, for it tends to make it unprofitable to act like a dog in the manger by holding land out of use until the industry of others has made it extremely valuable. The value of real estate depends upon the prosperity of the people, and hence it should pay the bulk of their local taxes.

As a result of the uniformity clauses in the Michigan Constitution, Pingree knew that he would likely never win an effort to increase the rate of taxation on land. Instead, Pingree pushed for a measure—the Atkinson Bill—that would remove the special assessments on gross earnings and subject all corporate property to the same rate of taxation as other forms of property in the state.

The system of general property taxation in Michigan, and throughout much of America, suffered from inequities in design. Local and state governments relied on the general property tax because they believed it offered the most practical and just way to allocate the tax burden. Property was defined as a wide range of tangible and intangible assets, including buildings, livestock, furniture, jewelry, machinery, stocks, and bonds. From the beginning, however, appraisers faced difficulties gathering accurate accounts of what things were worth and often relied solely on the estimates of value provided by the individual and corporate property owners themselves. Property owners often lied. “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 also raised fears, especially in the South, that it would be used as a tool to discourage the ownership of certain types of property, such as slaves. In reaction to this fear, many state legislatures adopted uniformity clauses that assigned the same rate of taxation for all types of property. In this way, historian Robin Einhorn has explained, uniformity clauses tried to “take politics out of an inherently political decision—who pays the taxes—by setting it in constitutional stone” (Einhorn 2008: 210–211).

While uniformity worked well in theory, especially at the national level, it broke down in practice. One reason for its failure is that uniformity failed to differentiate between “shifting and incidence” in taxation. As Wilcox (1907: 272) explained:

[Uniformity] assumes that a tax levied upon land values, a tax levied upon buildings, and a tax levied upon money in the bank, a tax levied upon pianos, a tax levied upon stocks of goods, a tax levied upon credits will operate in one and the same manner. It assumes that whatever property may be found upon a man’s possession or attaching to him should, in the name of equity and justice, be taxed the same as all other property.

Uniformity clauses ignored the fact that property was not equal. Some classes of property carried more earning potential than others and some accrued more value as a result of social development. “The general property tax also breaks down in theory,” Wilcox (1907: 272) continued, “because it assumes that all classes of property are equally benefitted by the activities of government . . . A little reflection will show that the benefits of government accrue primarily to real estate, which is a form of property that cannot move about.” A more enlightened system of taxation would recognize and differentiate accordingly between the different classes of property.

Shortly after the Atkinson Bill passed the Michigan Legislature in 1898, the state supreme court struck it down as a violation of the uniformity clause. Although Pingree had been careful not to call for a higher rate of taxation for railroad and corporate property than other types, the court found that the Bill called for a different
method of assessing this class of property than other types and therefore violated the requirement for uniform rating procedures (Journal of the Senate 1899: 950).

Rather than pass a new bill and risk having the court strike it down as well, Pingree (1900b: 5) pushed for a constitutional amendment that would repeal the special tax exemptions and “provide equal taxation of all property by an assessment of the same at its actual cash value.” To generate support for such an amendment, Pingree worked on the passage of a new bill—the Oren Act—to create an independent State Tax Commission to conduct and publish a thorough assessment of all corporate property. The work of this commission, he hoped, would make clear to all voters the injustice of the state’s current exemptions for railroad and corporate property.

The Oren Act passed the Senate in late 1898, and the Tax Commission began its work immediately. In its first year of operation, the commission identified $350 million worth of railroad and other corporate property that had escaped taxation (Holli 1969: 212). In October 1900, Pingree called a special session of the legislature to pass a constitutional amendment that would empower the state to levy a tax on the property of all railroads, express, telephone, telegraph companies, and banks at its “true cash value.” In making his case to the legislature, Pingree (1900b: 9–10) again pointed out the injustice of exempting railroad and other corporations from the general property tax:

> [I]t is unquestionably true that these corporations under the present system of taxation upon earnings, do not pay as much in taxes as they would if taxed upon the actual value of their property. This is but another way of stating that they are escaping their share of taxes . . . The system is radically wrong. It is not uniform.

The following year, the amendment passed and was submitted to the people of Michigan for approval, which they did by a margin of 8 to 1 (Holli 1969: 211).

The effects of the equal tax amendment became immediately apparent. By 1902, the newly created Board of Tax Commissioners had centralized assessment procedures across the state and by so
doing, Holli explains, “eliminated some of the worst cases of favor-
itism” (Holli 1969: 212). Furthermore, the proportion of personal
property included on assessment rolls increased due to the discov-
ery of massive amounts of untaxed possessions of businesses and
wealthy citizens (Holli 1969: 212). By 1907, the state had collected
an estimated $75,000,000 from the new taxes on railroad property

Conclusion

Pingree did not live long enough to see the effects of the equal tax
amendment. Having lost the support of the Republican Party, Pingree
chose not to run for a third term as governor. While traveling abroad in
1901 he contracted peritonitis and died June 18, 1901. Despite his abrupt
departure from public life, the evidence of his effectiveness as a civic
leader endured for several decades. The method by which Pingree
refused to extend franchise grants without an improvement of service
and a reduction in fares became a model by which other civic leaders—
most notably, Mayor Johnson in Cleveland—brought three–cent car fares
into their own cities. Although unsuccessful, Pingree’s plan for municipal-
izing traction demonstrated the steps necessary for acquiring the property
of public utility and franchise corporations. In assigning a cash value to
the Citizens’ Company public franchises, the effort provided hard evi-
dence to urban reformers who called for significant changes in the sys-
tem by which cities sold their resources to private corporations. Finally,
Pingree’s successful campaign to overhaul the state’s system of taxation
included the first assessment of railroad property conducted at the state
level. The “Michigan appraisal” both inspired and helped inform the
work of tax reformers in other parts of the country (Holli 1969: 214).

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