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## CHARLES B. SPAHR ON THE SINGLE TAX.

By Louis F. Post.

In the Political Science Quarterly for December, Charles B. Spahr discusses the single tax from the point of view of a man who believes in the equal taxation of every kind of property. Mr. Spahr thinks that nothing is simpler or easier, mere representatives of wealth being excluded and property being taxed only where it has real and tangible existence and but once, "than for every State to tax without exemption all property, individual or corporate, within its borders." It does not appear to have occurred to him that tangible property of the same class—land, furniture, pictures, jewelry, houses, etc.—varies so greatly in value that only an army of experts conversant with every kind could approximate to an equitable valuation, nor that they would be obliged to personally inspect each taxed article. And it must be inferred that he would not tax goods in stock, raw materials, business fixtures and machinery, or houses occupied by tenants, for he says that none of the burden of his form of taxation could be shifted by the owner upon any one else; whereas nothing is more elementary than that taxes on products in trade tend always to shift from the owner to the purchaser or renter.



Mr. Spahr makes but an opening allusion to the religious argument for the single tax. He summarizes it in the proposition that "land is the gift of God, and, therefore, belongs equally to all his children," and complains that those who use the argument "would inconsistently keep the land, which is the gift of God, in the possession of individuals, while the value of land, which is certainly not the gift of God, they would divide equally among all his children." That is a queer notion of consistency. When a parent leaves equally to his children property that cannot be partitioned, the law prescribes that it shall be sold and the proceeds divided. Can it be said that the law is inconsistent in taking away from the children the property that was their parent's gift, while dividing among them its value, which was not their parent's gift? True, the religious argument for the

single tax proceeds from the proposition that the land is the equal gift of God to all his children—the gift of an equal right to its use—but the social necessity of unequal possession being recognized, the single tax is proposed as a mode of adjusting the equal natural right to the unequal social necessity. Though all do not equally use all the land of a community, equality is secured if each pays to all, the difference in the value of their respective advantages of possession. Where is the inconsistency in this adjustment?

But it is to the political rather than the religious argument for the single tax that our critic promises his attention. At the outset he makes two serious blunders. One is a mistaken ascription of bad logic to Henry George; the other is a specimen of bad logic on his own part. He credits Mr. George with arguing that, as land values arise from the presence of all, therefore the land belongs equally to all. And there is a touch of unconscious humor in the complacent manner in which he remarks that "a moment's examination will show that this conclusion does not follow from the premise." Of course it does not. Nor has Mr. George ever said that it does. He has said that land values arise from the presence of all, and that the land belongs equally to all, but there is not a shadow of justification for making him to say that the latter statement is a conclusion from the former one. Mr. Spahr's second blunder consists in the formulation of an elementary principle from which he argues that the right to land is not equal. To avoid any suspicion of misrepresenting him we quote his language: "The land does not belong 'equally' to all *unless* land values arise equally from the presence of all." The italics are ours. Had Mr. Spahr said that a house does not belong wholly to the owner *unless* its value arises wholly from the presence of the owner, he would have been as logical.

This unique elementary principle is followed by an argument, interlarded with statistics, intended to show that land values do not arise equally from the presence of all, in which it is asserted that some accessions to population actually depreciate land values, while others increase them in varying degrees. Since no one has claimed that land values arise equally from the presence of all, and, inasmuch as the fact has no logical relation to the proposition that land is common property, this part of Mr. Spahr's paper calls for no further comment.

His next point, though not clearly made, seems to be that land has no value. He confuses it by a statement elsewhere to the effect that the single tax on land values would result in wholesale confiscation of farm lands. How a tax limited by land values could confiscate land without value will be a mystery until we learn how rivers can overflow without overflowing. Yet we can draw no other inference from the paper in general than that Mr. Spahr regards land as having no value. After describing a "conception that in the value of the land the community has a vast element of wealth which has somehow come of itself without the expenditure of labor or capital," as a fundamental mistake of single tax advocates, who fall into "the correlative error" of assuming that "another amount equally vast may now be created without labor," he assures his readers that "except in trivial and exceptional cases" all wealth must be produced by labor. The proviso as to trivial and exceptional cases indicates that possibly Mr. Spahr allows that in exceptional cases and to a trivial amount land values exist. But, since he would not seriously dispute the proposition for which single tax men really contend, that all wealth without any exception, trivial or otherwise, is and must always be produced by labor, the thoughtless proviso cannot be said to affect his contention, as we understand it, that land has no value. Indeed, he takes pains to leave no doubt of his meaning. Concluding his argument as to the sole factor that produces wealth, he says: "The single tax plan, logically carried out, would leave society to be supported by a non-existent fund." If that does not imply the non-existence of land values it has no meaning whatever.

In view of the convincing statistics brought together by Thomas G. Shearman, and which Mr. Spahr wholly ignores, this, the latest effort to prove that the single tax would not yield sufficient revenues for public purposes, appears to be recklessly venturesome. But Mr. Shearman's statistics really have nothing to do with Mr. Spahr's theory. And though the novelty of the theory is exceeded only by its absurdity, it may be accounted for without difficulty. Mr. Spahr does not understand the meaning of the term "land value." We have no disposition to criticise the terms that any writer may employ. So long as he does not give them a double meaning, shifting them from the expression of one idea to that of another and different idea, he has a right to use any terms that may please his fancy. But when he deals with a science that has an accepted terminology, or criticises

any theory, it is incumbent upon him in the one case to use the accepted terms of the science, and in the other, those adopted for stating the theory, in precisely the same sense in which he finds them applied. To deviate without explanation is to confuse himself as well as his readers. Mr. Spahr uses "land value" in a sense differing from that in which it is employed by single tax advocates and in the standard works on political economy; and as it is not to be presumed that he has done this deceptively, we are obliged to infer that he does not understand the term.

In a statistical argument intended to show that land values are due to public and private improvements, for both of which landowners pay—voluntarily for private improvements, and in the form of assessments and taxes, for public improvements—he leads up to the conclusion that "almost the entire value of the land of Ohio \* \* \* is due \* \* \* to the capital and labor which has been spent in its improvement by the present and the preceding generation." In this conclusion, and throughout his argument, Mr. Spahr has misapplied the term upon the exact application of which his argument turns and the value of his conclusion depends. The resulting fallacy is somewhat more subtle than the vulgar one which confounds land value with real estate value, but it is of the same character. It confuses the value given to land by the presence of improvements generally, with the value of the improvements themselves. By supposing that the value given to land by the general presence of improvements is a product of labor and capital, and that this value, equally with that of the improvements, would be exempt under the single tax, he comes easily enough to the startling theory that land values are practically non-existent.

This misapplication of the term "land value" is in some degree explained by a false reading of the single tax phrase, "tax land values irrespective of improvements." If the phrase were "tax land values," its meaning would be clear to a political economist; but as the average business man would be apt to confuse it with real estate values, the explanatory words "irrespective of improvements" have been added. This does not mislead political economists who understand what land values are, and it makes the meaning clearer to others. But it misleads Mr. Spahr. He seems to regard the additional words as a qualifying instead of an explanatory phrase, and imagines that by the "taxation of land values irrespective of improvements" we mean irrespective of the existence of improvements in the community. What we do mean, and what we have always heretofore been understood to mean, is, irrespective of the value of the improvements on each parcel of land that is viewed for taxation.

When the old World building in New York was destroyed by fire, the vacant lot was worth over \$700,000. This value was due, in a degree more or less perceptible, to the existence of improvements, public and private, in New York City and in this and other States. According to Mr. Spahr, the value of that lot was to this extent a product of capital and labor, and, as such, exempt under the single tax. According to single tax advocates it was all land value. It was a premium, due to general growth and improvement as distinguished from individual effort, which, attaching to particular land, went to the owner, irrespective of any improvements he might put upon it; and under the single tax it would have entered into the values appropriated as the basis of taxation.

Mr. Spahr's idea, which finds expression in the course of his argument, that landlords buy their right to land values by paying assessments on the basis of the private "betterments" caused by such improvements as are made, and by paying general taxes for such public improvements as are not made by means of assessments upon the benefited real estate, goes for nothing. Assessments, like all that part of real estate taxation that falls upon land values, belong in the category of the single tax. They are a deduction, for public revenues, from a fund that would otherwise benefit the landowner who pays them, and no one else. There is a difference as to public improvements paid for out of general taxes. Landlords contribute to these, not in proportion to the extra value they give to his land, but in proportion to his general liability, so far as it can be made effective, as a general taxpayer. But everybody else contributes in the same proportion. And though everybody else has the use of these improvements equally with the landowner, for which they as well as he are required to pay, such pecuniary value as the improvements produce attach only to land; and of that, over and above the common benefits in which he shares, he gets the whole advantage. In neither case does the landlord buy any-

thing of the community that would justly entitle him to compensation if all taxes but those upon land values were abolished. Thus, Mr. Spahr's logic is faulty again when he argues that the single tax in Connecticut would leave the public vastly in debt to the landowners, because "the logical application of the single tax theory would require that the property owners [meaning landowners] receive back the taxes they have advanced and turn over to the public the increment that has arisen!"

Our critic's article is influenced by another but more common error. He confuses land values with the wealth out of which the rent of land is paid. This error sometimes takes the form of an assertion that a tax upon land values is a tax upon labor, because labor produces all wealth and the tax must be paid with wealth. But with Mr. Spahr it takes another form. Knowing that there is "no vast fund of wealth in the air which can be brought to earth by the touch of Mr. George's magic wand," but that all wealth is the product of labor, and understanding that the single tax is not a tax upon labor, he draws the conclusion, in confirmation of the idea evolved from his misapplication of the term "land value," that the single tax would yield no revenue. The fallacy here is almost obvious. It lurks in the assumption that a tax upon labor, and the taking of labor products by taxation, are one and the same. In fact, these two things are very different. To take labor products by taxation is to tax labor, if the amount be taken from individuals in proportion to their product—that is to say, in proportion to their wealth; but if it be taken in proportion to the value of land, the exclusive possession of which is secured to them by law, which is equivalent to taking in proportion to the greater productive power, not of the individual but of his land—it is a tax upon monopoly and not upon labor. In either case the tax must be paid with labor products. But in the one case the products would otherwise go to the individual as laborer—as a producer; while in the other it would go to him as landowner—as the beneficiary of a special privilege. It is not the value of the land that single tax men would turn into the public treasury. That would be like pouring hydrogen gas into an upturned hoghead. They propose to make land values a measure, not an object of taxation. These values now measure the share of aggregate wealth production that is taken from laborers and given to landowners; single tax men would make it the measure of the share of wealth production to be taken from laborers and given to the community for common use.

Government, to be supported, must have wealth; and since it does not produce wealth it must obtain it by taxation. For this purpose Mr. Spahr would adopt the impracticable method of taxing every kind of wealth in sight, improperly including land in the category of wealth; and he justifies his plan to equity with the socialistic theory of the rightful part-ownership of society in every form of wealth. Single tax men, as their basis of taxation, would distinguish between the value of labor products, which are of right the private property of the producer or his successor in interest, and the value of land, which is of right the inalienable property of all—of those yet to come no less than of those now living. His plan is unjust, has always been ineffective, and is essentially incapable of operating with impartiality. Theirs, while just, simple, certain, and sufficient, is calculated to promote not impede enterprise, to remove the bonds that hold labor in subjection to monopoly, and to displace the obstructions that make competition appear to the thoughtless as oppressive.

Charles B. Spahr, the writer of the criticised article, whose portrait appears above was born in Columbus, Ohio, July 12, 1850. He went through the public schools and then to Amherst College, where he graduated in 1880. For two years thereafter he taught in the high school at Columbus, and meanwhile became one of the editors and proprietors of the Columbus Gazette. After disposing of this property, he went to the Columbia School of Political Science for one year, and then spent a year in Germany studying chiefly the subject of taxation. In 1886 he took his degree as Doctor of Philosophy at Columbia, presenting a thesis upon "The Taxation of Labor," which was published in the Political Science Quarterly. In this thesis he took the position that the instinct of American democracy demands the equal taxation of all property, and the non-taxation of labor; that in the field of direct taxation this principle is carried out with some consistency, but that in the field of indirect taxation it is completely overturned, the burden of National taxation resting upon the poorer classes, while the very wealthiest classes not only obtain tax exemption, but are enriched by the taxes imposed upon the poor. In the spring of 1888 he became a member of the staff of the Christian Union. During the campaign of 1888 he was an editorial contributor for the Nation, and in the spring of 1889 became one of the editorial staff of the Commercial Advertiser, a position that he held until the paper changed hands last summer. He meanwhile became one of the prize lecturers in the Columbia School of Political Science, the theme of his lectures being taxation and the distribution of wealth. This position, as well as that upon the Christian Union, he still holds.