

## CHAPTER IV

### THE ETHICS OF COMPENSATION

To many minds convinced of the injustice of private ownership of land and monopolies, their abolition without compensation seems nevertheless unjust and arbitrary. As a rule, however, the demand for compensation is urged by the defenders of private ownership of land, by those who deny that it involves any injustice. Their demand for compensation is, however, illogical. For if the private ownership of land and legal monopolies rests on the same ethical basis as the private ownership of labour-products, the compulsory appropriation of land or of the rent of land, and the abolition of private monopolies, would constitute a glaring act of injustice, even if the fullest compensation were paid. If private property in these things involves no injustice, if it infringes no rights, its compulsory abolition would be an act of violence as purposeless as it is arbitrary, compensation or no compensation. The question of compensation, therefore, cannot arise unless it is admitted that justice demands the establishment of equal rights to land and to inevitable monopolies, and the abolition of all unnecessary monopolies.

The upholders of existing conditions who demand compensation are illogical in other respects. They deny the existence of equal rights to land on two grounds.

One exemplified by Lord Bramwell is as follows :<sup>1</sup>—

“Be it that there are natural rights, that is, in a state of nature, where there is nothing artificial. But men have

<sup>1</sup> *Land and Capital*, p. 2. (The italics are Lord Bramwell's.)

formed themselves into a social state; all is artificial and nothing merely natural. In such a state no rights ought to exist but what are for the general good—all that are should. And what we have to consider is—*whether private or separate property in land is good for the community.*”

This reasoning obviously excludes all ethical considerations. It is not a question whether private property in land is unjust, nor whether its abolition with or without compensation is unjust, but whether either is good for the community. What is good for the community must be decided by some one or many. Who is he or who are they? It cannot be denied that when ethical guidance is abandoned, this question cannot be decided authoritatively except by the governing body, be it an autocrat, an oligarchy, or a majority of the whole people. Whenever, therefore, this governing authority decides that the abolition of private property in land, without compensation, is “good for the community,” the governing body “should,” according to Lord Bramwell, so abolish it. Seeing that natural rights do not exist within a society, that “no rights ought to exist but what are for the common good,” the owners of land can have no right to compensation when compensation is found not to be for the common good.

The other reasoning is exemplified in the following passage :<sup>1</sup>—

“Nothing also in morals is more plain than that to abolish without compensation that private ownership which has existed for countless generations, and on the faith of which tens of thousands of men in all ages and lands, and with the sanctions and under the guarantees of the laws of all nations, have invested the fruits of their industry and their thrift, would be an act of simple, gross, naked, gigantic robbery.”

This reasoning bases the claim for compensation upon the hoary antiquity, the governmental sanction, and the purchase of land with the fruits of individual industry.

Without inquiring here whether private and full owner-

<sup>1</sup> Lecky, *Democracy and Liberty*, vol. i. p. 175.

ship of land "has existed for countless generations in all ages and lands,"<sup>1</sup> it will be admitted that if the facts on which Mr. Lecky relies justify his conclusion with regard to property in land, they compel the same conclusion with regard to property in all other things. Any property rights which can or could show the combination of great antiquity, general sanction, and frequent sale and purchase, can or could not be abolished without compensation. The abolition of protective duties and the abolition of rotten boroughs in Great Britain, and, above all, the abolition of slavery without compensation must then be held to have been "acts of simple, gross, naked, and gigantic robbery."

For while property in all these things had been recognised for ages, had received general sanction, and had been subject to sale and purchase, this is especially true of slavery. For slavery, far more truly than private ownership of land, may be described as having "existed for countless generations in all ages and lands . . . under the sanction and guarantees of the laws of all nations," and "tens of thousands of men have invested the fruits of their industry and thrift" in slaves. Yet not only was protection and the system of rotten boroughs in England abolished without compensation, but slavery, with one exception, was likewise so abolished.

The one exception is the compensation given by the British Parliament to the West Indian slave-owners. Even the landlord Parliament of that time, however, did not stretch its sympathy with the landlords of the West Indian islands so far as to make the abolition of slavery dependent upon the slaves themselves compensating their owners. It compelled the white slaves of the United Kingdom to

<sup>1</sup> It is denied by all historians of national economy, amongst them by one of the bitterest opponents of the Single Tax theory, in the following terms:—

"That individual ownership of land is of comparatively recent institution . . . ; that even when the private ownership of land was instituted, rights of property were coupled with political and military duties and fiscal obligations, which constituted no inconsiderable compensation to the community for the loss of its interest in the land; and, finally, that these political and military duties and fiscal obligations have been thrown off by the land-owning class, through the exertion of their superior power and influence in the formation of public policies and in the enactment of laws, without any adequate commutation thereof; these things seem to me too well established to admit of question."

—*Land and its Rent*, by F. A. Walker, pp. 128, 129.

furnish the larger part of the compensation which gave freedom to the black slaves of the West Indies. But can it be argued that if the people of Great Britain had refused to make this sacrifice, British soldiers and police would have been morally bound to compel the West Indian slaves to work for their masters to all eternity? Suppose the West Indies to have been an independent State. Would the slaves have lost all right to freedom unless they themselves, or some foreign people, paid their full value to the owners?

Or suppose a slave escapes from a country in which slavery still has legal existence, and finds refuge on board a British vessel. Is the slave a thief who has stolen his value from his owner, and is the British captain an accessory to the theft, unless they pay compensation? If it be admitted that the escape of one slave does not constitute a theft, does a case of theft or robbery arise when more than one, or all slaves, escape from bondage? Must they be considered to be morally still the property of their previous owners till compensation has been paid? If not, if they are justified in escaping from their bondage without compensation in an illegal way, are they not doubly justified in doing it in a legal way? May they not acquire the governing power of the country, and pass a law abolishing their own slavery, without thereby incurring the obligation to pay compensation?

These considerations clearly establish the conclusion that no moral claim to compensation can arise from the abolition of slavery. Yet property in slaves was sanctioned by all the conditions which Mr. Lecky adduces as sanctioning private property in land. If these conditions do not impose the duty of compensation in the one case, they obviously cannot do so in the other case.

It is, however, alleged that the ethical distinction between property in slaves and property in land is so great that considerations applying to the one property cannot be applied to the other property. In previous chapters<sup>1</sup> it has been shown that this contention is erroneous, that land-owning is essentially of the same

<sup>1</sup> Part III. chaps. vi. and vii.

ethical character as slave-owning. But this question does not arise here. Mr. Lecky does not draw any ethical distinction between property and property. He wisely bases the sanctity of property in land and the demand for compensation, not on ethical considerations, but on the conjunction of three alleged facts—long persistence, governmental sanction, and investment. If these by themselves are insufficient to establish a claim for compensation in all cases, the abolition of property in slaves included, they are equally insufficient to establish this claim on the abolition of any particular form of property, property in land included.

So far the claims for compensation on the part of those who have been considered who deny that it is the duty of society to enforce the equal right of all its members to land. There remains to be considered the claim of those who are convinced that all men have equal rights to land, and that the denial of this right deprives the majority, or even large numbers of men, of part of the product of their labour. Their demand for compensation arises mainly from two conditions. One is custom; the existence of unjust laws, obscuring primary morality, leads to the formation of secondary views of morality. To break the law, or to alter an unjust law, when such alteration deprives any one of unjust advantages, is regarded as more immoral than the maintenance of such laws. . . . The moral claim of the victims of unjust laws to a restoration of their rights is obscured by the false view that there has arisen a moral claim on the part of the beneficiaries to enjoy for all time the advantages which the unjust law has hitherto secured to them.

The second cause for this demand is a special one. Land Nationalisation, the acquisition of the land itself by the State, was, till Henry George published *Progress and Poverty*, generally regarded as the only measure by which the equal rights of all to land could be secured. This plan can be carried out either by the acquisition of one piece of land after another, or by the State acquiring all the land by a sudden act. If the former method be adopted, some landowners would continue in the full

enjoyment of rent, while others would be deprived of it. The injustice of this procedure to the latter, without compensation, cannot be denied. Nor can it be denied that the sudden confiscation of all land by the State, while not unjust, would inflict hardship so great as to approach injustice. Under such circumstances the demand for compensation, even of those who recognise existing injustice, was natural and inevitable.

Under Henry George's Single Tax system, however, both these causes of partial injustice are avoided: all landowners are treated equally, and the transition from unequal to equal rights in land is so gradual, and accompanied by such other benefits, that no hardship can arise. The reasons which justify the demand for compensation, when the clumsy method of Land Nationalisation is considered, do not, therefore, apply to the Single Tax system of gradual reform.

If it is admitted that private ownership of land is a continued injustice; that it leads to the perpetual repetition of other acts of injustice; that the proposed method of reform treats all landowners equally and inflicts no unnecessary hardship, on what moral grounds can compensation be claimed? Apart from its other consequences, the essence of private ownership of land is that it gives to landowners the legal right to take wealth from all others without rendering any service. To claim that this legalised system of theft ought not to be abolished without compensation to the beneficiaries, is equivalent to the declaration that it is just and ought not to be abolished at all. For if the rent of land does belong to the community, if its appropriation by landowners is an act of usurpation, how can it be held that the community must purchase it? The claim for compensation, therefore, is a direct denial of the right of all to the rent of land and to equal rights in land.

Moreover, if compensation is paid, the injustice continues which enables a few to appropriate wealth belonging to the many. For the interest on bonds given in compensation, would enable the holders to extract even more wealth from the community than they now do as rent,

and equally without rendering any service in return. This fact, as well as the further result, that only the wealthier landowners can benefit by compensation, while the great majority of landowners would be injured by it, has already been dealt with in the preceding chapter. Compensation, therefore, is an absolute denial of justice—would perpetuate and aggravate existing injustice under another name.

Plausible reasons are advanced for compensation. One is, that a majority of the people having hitherto sanctioned private ownership of land, it must be held that all have sanctioned it. This contention, however, is self-destructive, even apart from the consideration that the right of unborn generations, as well as of those now living, is involved. For if the sanction of a majority may be construed to be a sanction by all in one case, it must be so construed in all cases. Therefore, if a majority of the people sanctions a law appropriating the value of all land without compensation, it must be construed to be sanctioned by all, landowners included. Hence the claim for compensation on account of constructive general sanction, is met by the equally valid claim for no compensation based on constructive general sanction.

Another claim is that, as much land has been purchased with labour-products, the abolition of private ownership without compensation would be equivalent to the confiscation of these labour-products. This claim overlooks the obvious fact that purchase alone can give no moral right to the thing purchased. In order to establish such right in the purchaser, the seller must have a moral right to sell, must be the rightful owner. Purchase of a slave can give no moral right of ownership, because the seller had no moral right of ownership in the slave. Can it be alleged that any of the past sellers of land were the rightful owners of the land? If they were not—a conception necessarily involved in that of the injustice of private ownership—the present holders also cannot be rightful owners. Nor does the sanction by the State of the sale and purchase of land, nay, not even sale by the State, alter this position. Neither the State nor any individual

was morally the owner of the land; the title of every owner of land is morally vitiated by the fact that neither State nor individual holds or can hold a saleable interest in land. The land belongs to no one; the right to use it belongs equally to all men, not merely to those now living, but to all the generations of men who ever shall live on it. The notion that a body of men, mere passing forms of matter, inhabiting this earth but for a brief period of time, may for ever dispose of the earth, is surely one of the strangest examples of that secondary morality previously alluded to.

Moreover, it must not be forgotten that what present owners acquired when they purchased the land was not so much the land itself as the legal right to appropriate rent, *i.e.* to levy tribute on the present generation of their fellow-men, and to transmit to others the power to levy tribute on future generations. No government, even with the consent of all the present members of the State, can possess the moral right to sell this power; no purchaser can morally acquire it, and no compensation can be claimed on the score of morality from those who refuse to submit any longer to this immoral exaction. If they refuse to pay it they confiscate no labour-products—they simply refuse to allow any further confiscation of their own labour-products.

The owners of land lose nothing positive when the rent of land is appropriated by the State. The wealth they gave for that rent is gone; they exchanged it for the power to levy tribute. No wealth taken by them in rent or otherwise is demanded of them; they simply lose the power of levying further tribute. Granted that when they bought the land they expected that soldiers and police would for ever enforce this wrong. They have miscalculated, and cannot ask others to bear the resulting loss. If they could claim compensation on the ground of their disappointed expectation, all other persons who incur losses because the State acts contrary to their expectation would be equally entitled to compensation. On the passing of a Usury Bill making illegal a rate of interest previously not illegal, all those who had purchased the goodwill of a money-lending business, or who had spent years in learning its



manifold intricacies and chicanery, would be entitled to compensation for the disappointed expectations that their practices would not be interfered with by law. If a new Company Act be passed endangering the safety of promoters who indulge in practices not previously forbidden by law—promoters who have invested the result of their industry and thrift in showy office furniture and in acquiring a widespread connection among touts and financial journalists—they would be morally entitled to compensation for the disappointment of their expectation of the continuance of a defective law.

Still stronger would be the position of other claimants. If Parliament passes an Electric Lighting Act, it necessarily injures some gas company or dealers in other lighting substances and appliances who, when they entered upon their business, did not and could not foresee the use of electric light. Similarly, when Parliament passes a Railway Act, it necessarily disappoints the expectation of numerous carters, hotel-keepers, tradesmen, and others, and frequently reduces the value of property. In these and all like cases compensation would be due.

Other claims are stronger still. Why should a protected manufacturer be robbed of the power which Legislatures have granted him of charging higher prices to his fellow-citizens than he can charge to others? Is not compensation due to him also if the State deprives him of this valuable property or reduces its value? Or if, as has been done in Ireland, laws are passed under which tenants are given security of possession in the improvements which they place on the land, which reduce rack-rents and abolish indebtedness incurred by tenants to landlords for non-payment of past rack-rents; or if by law railway rates are made less extortionate, are not the landlords and railway companies entitled to compensation for consequent loss of revenue and reduction in the value of their property?

Or consider this case: Contributions from the general revenue to local rates transfer to the whole community expenditure for purposes which add to and maintain the value of the land in localities so favoured. The rental value, as well as the capital value of land, and of nothing

else, is increased by imposing upon the general taxpayer expenditure which otherwise must be borne by the owners of land, and from which they alone derive pecuniary benefits. Suppose the Legislature, recognising the immorality of this action, were to refuse to enforce in the future such confiscation of the rightful property of all for the exclusive benefit of some landowners. Would the Legislature act immorally if it discontinued paying aid to local rates out of the general revenue without compensating landlords for the resulting loss to them? Could the fact that landlords generally expected the continuation of the present system, and that some purchased land at the higher value resulting from it in the expectation of its continuance, create the moral obligation to pay compensation? If these questions are answered in the negative, as they will be answered by most, and in part have been answered by the British and other Legislatures, it is admitted that the disappointment of expectations cannot entitle to compensation. If they are answered in the affirmative, all and every reform of injustice is declared to be immoral. For whenever a thoughtless or corrupt Legislature had granted a monopoly or conferred an unjust advantage upon some at the expense of others, its removal would be possible only on condition that the beneficiaries should retain their full power of exaction in another form through compensation. Not only would all reform be made impossible by the acceptance of the doctrine that the beneficiaries of unjust legal privileges cannot be deprived of such privileges without compensation, but the tendency to corruption, which inevitably arises when Legislatures grant monopolies, would be increased manifold, and all monopolies would largely rise in value.

Another argument advanced is that the State appropriation of the rent of land, however gradually it might be effected, would destroy the sanctity of property generally, and would, therefore, inevitably lead to Socialism. This argument obviously disregards any distinction between that which morally is private property and that which is not, as well as the results which have arisen from the disregard of this distinction. For it is precisely the confusion of unrightful property with rightful property which

has given rise to and maintains Socialism. Those who, failing to observe this distinction, nevertheless see that property rights are disregarded, that the labourer is daily despoiled of his property, naturally revolt against the, in these circumstances, hypocritical claim of the sanctity of property. They condemn all property rights because they fail to see that it is the maintenance of property rights in monopolies which destroys the sanctity of property in labour-products. Compensation perpetuating the violation of just property rights would also perpetuate the revolt against all property rights. The reform here pleaded for cannot be fully or even largely realised till a majority of the people have become seized of this distinction. When they have become aware of it, the sanctity of rightful property—of property in labour-products—will have gained the secure and lasting foundation which it now lacks. The appropriation of the rent of land and other monopolies without compensation, therefore, alone can secure full recognition for the sanctity of property—compensation would tend to still further weaken that recognition.

The arguments on which the demand for compensation is based are untenable. But it is not a question of argument; it is one of sentiment. Men hesitate before adopting a truth fully; they desire compromise with error. Could not existing injustice be removed without depriving its beneficiaries of the advantage which they derive from it? This, unconsciously perhaps, is the desire of those who, recognising existing injustice and desiring its abolition, nevertheless claim that compensation must be paid to those who benefit from it. This desire cannot be fulfilled. Justice in the distribution of wealth cannot be achieved without reducing the amount of wealth which goes to those who receive more than their just share. Reward cannot be proportioned to service as long as some receive rewards for which no service has been rendered. As fire and water cannot mingle, so it is impossible to combine the removal of injustice with compensation to those who benefit by injustice. Those who advocate the one thereby oppose the other.