

The Single Tax League of Victoria,

325 COLLINS STREET, MELBOURNE.

Minimum Subscription, 1s. per Quarter.

PRESIDENT—MR. MAX HIRSCH.

HON. SEC.—MR. A. C. NICHOLS.

OBJECTS:—The gradual reduction and ultimate abolition of the present Taxes and Rates, and the substitution for the same of a Tax on the value of Land in City and Country— all improvements to be exempted.

COMPENSATION.

Many men who fully admit the injustice and the maleficence of the private ownership of land; who are fully seized of the fact that this system is the main cause of the involuntary poverty of the masses of the people, and of the vice, degradation, and misery of millions upon millions of human beings; who see that these evils cannot be removed from our society without the abolition of the existing land-system, nevertheless cannot give their adherence to its removal, however gradual, unless compensation is paid to present owners of land. They admit that the Single Tax system is an efficient remedy for these social evils, but they consider it to be tainted with injustice because it provides no compensation to present landowners.

One can understand, and can even sympathise with these scruples. It is the natural and inevitable result of any social injustice, long-continued, that it creates a secondary code of morals, which frequently obscures the primary code, and which sees a moral wrong, not in the continuance of the injustice, but in the re-establishment of just relations between men. This is one of the penalties of social wrong doing, and arises from the fact that the abolition of the wrong, however carefully entered upon, must nevertheless be attended by some hardship to those who derive pecuniary advantages from that wrong-doing.

Yet, while admitting that even the Single Tax system may inflict some

hardship upon wealthy landowners, who are no more responsible for the existing system than its poorest victims, the confusion of thought which confounds hardship with injustice must be strongly protested against. It is hard upon an innocent purchaser of land that the existing law deprives him of its possession, if it is discovered that the land did not belong to the seller, that there was a flaw in the title, and that the land belongs in reality to a third person, who claims it. It was undoubtedly a hardship that slaveowners who, acting under the sanction of the law, had purchased slaves, should be deprived of this property. It was equally hard on the purchasers of rotten boroughs that the English Parliament abolished them and extended the franchise.

But in none of these, or the hundreds of similar cases of hardship, will injustice be alleged. Hardship and injustice, therefore, are not necessarily equivalent terms, and it is thus at least a matter for enquiry whether the inevitable and relative loss which the abolition of the existing system of land monopoly would inflict upon a few, otherwise wealthy, landowners is an injustice.

To those who consider the private ownership of land a moral system, beneficent in its consequences, the question of compensation cannot arise. They are bound to oppose any curtailment of the rights of landowners as an immoral act, which cannot be purged

of its immorality by compensation. Those, however, who are convinced that morality urgently demands the abolition of this system, ought first and foremost to ask themselves what is the thing for which compensation is asked. Not for the land, for the Single Tax system, even if carried to its ultimate issue, would not deprive any man of his land. If he so liked, he might continue to own a whole country, as far as the State is concerned. All that the State would ask of the owners of land is, that they should compensate their fellow citizens for the special privilege accorded to them, of claiming as their own more productive land than all others can obtain. The Single Tax system aims at the gradual abolition of all taxes on production and the substitution for the same of a tax on the annual value of the bare land, exclusive of improvements, that is, on the ground rent, until in good time the whole of this ground rent is annually taken by the State. The absorption of the ground rent by the State would, no doubt, lessen, and ultimately abolish the saleable value of the bare land, and it is for this loss of land value that compensation is demanded.

This land value, therefore, is the capitalised value of the rent which the owner expects to be able to exact from the users of the land. It is not the land itself, but the right to exact rent, to tax his fellow-men for the use of land, which the owner has purchased. A tax on this rent, therefore, does not take from the owner any wealth which he has acquired in the past, but it does take some wealth which he expects to obtain in the future. The Single Tax system would not tax rents paid in the past. Though the owners never have had any moral right to tax their fellow-men, the wealth which such past taxation has brought to their coffers will remain untouched. What the Single Tax aims at is, to take a portion of future ground rent for the benefit of the community, to whom it belongs, and that the proportion so

restored to its rightful owners shall be increased from time to time. It aims not at righting any past wrong, but does aim at the prevention of future wrong. The wealth which the landowner appropriates as rent has to be made by the labour of the land-users. In the past the State has compelled all men to hand part of the produce of their labour to the owners of land; we demand that the State shall cease to commit this injustice in the future. The demand for compensation, therefore, simply means that the State shall continue to lend its power to the owners of land in their effort to appropriate the wealth which others make, or that it shall compensate them for no longer enabling them to do this wrong.

Nor is this all, for if compensation were paid the wrong would not cease; it would merely take another shape. For the State has nothing which it can give in compensation. Nor can the individuals who compose the State give present wealth for land values, for all the real wealth in the country would be insufficient to pay for them. The demand, therefore, is that the State shall issue bonds to the value of the land, and that interest shall be paid on these bonds. This interest can only be paid out of taxation—out of taxes levied upon the produce of labour. Therefore the existing injustice would continue for ever. The State would continue to rob the workers for the benefit of landowners, the whole difference being that the proceeds of the robbery would be called "interest" instead of "rent," and that the privilege to rob would be trafficked in under the name of "bonds" instead of "land."

Moreover, if any landowner is entitled to compensation, all landowners are. Yet it is absolutely impossible to give compensation to all. The vast majority of the owners of land far more than 150,000 out of the 185,000 in Victoria, would not only have to provide their own compensation, but part of that of the wealthy landowners

as well. For as they own only £500 worth of land values or less, the taxation which the payment of interest would necessitate, would take out of their pockets a great deal more than the interest on from £50 to £500 worth of bonds would amount to. Therefore the great majority of landowners would be in a worse position if compensation were paid than if the whole of the land values were taxed away at once, without any compensation other than the enormous reduction in taxation which the abolition of all existing taxes and burdens would give them. The real demand therefore is not that landowners shall be compensated; that is a manifest impossibility. It is that a few landowners—those who own the most valuable or the most extensive areas of land—shall be compensated at the expense of all the other landowners and non-landowners; that for the benefit of these few the State shall continue for ever to misuse its power and to rob all other citizens of the fruits of their labour. This is what compensation means, and this is demanded on the plea of justice. Surely justice never took stranger shape in human brain than this.

Nor must it be forgotten that if the State has no moral right to put an end to injustice without paying compensation, no individual can possess such a right. For the State is merely the sum of the individuals which compose it. Hence it follows that morality forbids a slave to run away from his owner; or at least compels him to return into captivity unless he pays his value in coin of the realm to his former owner. Englishmen boast that the slave who puts his foot on English soil, aye, on the deck of an English man-of-war, is a free man. But if this doctrine of compensation is a true doctrine, there is very little to boast about. For in that case the captain is merely an accessory in an act of theft; he helps the slave to steal himself from his owner, and all Englishmen participate in this immoral act.

It is, however, said that the State, by abstaining from taxing land, encouraged men in the expectation that land values never would be taxed, and that therefore the State is bound to pay compensation if it now taxes them. Is the State then bound to compensate men for the failure of their expectations? If a new railway is opened which diverts the traffic from the coach-road previously used, is the State bound to compensate the innkeepers on that road for their loss of trade? If the State should promote the cheap production of aluminium, would it be bound to compensate the owners of ironworks? If it lights cities with electricity, is it bound to compensate the owners of gasworks? In all these cases the State disappoints the expectations of men who did service to the community, and destroys the value of rightful property belonging to them. In no such case is it ever considered to be morally incumbent upon the State to pay compensation. Yet, when the State disappoints the unreasonable expectation of landowners that it would continue to do wrong, to leave in their possession the rent which belongs to the whole people, compensation is demanded. Obviously, if the State is not morally bound to pay compensation for destroying rightful property, it cannot be morally bound to pay compensation for destroying property admittedly immoral. Furthermore, this argument provokes the enquiry, how did it come about that the State failed to tax land values; or, speaking historically, how came taxes on the produce of labour to be substituted for taxes on land values? There can be only one answer to this question. The unjust change was made, and the injustice was continued, because landowners as a class selfishly misused their political power for the purpose of untaxing themselves and taxing the rest of the people. The plea that compensation must be paid on account of the State having failed to tax land values in the past, therefore involves the claim that

injustice must not be removed because its existence is due to past corruption.

Its admission would likewise foster future corruption. The State has it within its power to grant many special privileges, which enable a few men to enrich themselves at the expense of the masses of the people. The establishment of the doctrine that the State cannot withdraw such privileges without payment of compensation would enormously stimulate the efforts of wealthy and powerful men to get hold of such privileges, and might even induce them to use the powers thus obtained with the utmost harshness, for the purpose of getting them abolished—with compensation. As it is, the corruption which disgraces so many countries, the bribery of legislatures and even of courts of law, originates in the efforts of a few to obtain such special privileges. If it were once established that compensation is the only alternative to their permanency, this corruption would increase manifold, and would add enormously to the most dangerous tendency of our time.

There is however, one more allegation which ought to be dealt with. It is not infrequently stated, that in countries with democratic institutions, the whole people, even those who suffer most from the present system, must be presumed to have given their consent to its establishment and continuance, and that, therefore, they have lost the right to discontinue it without compensation to the beneficiaries. If this argument were tenable, it would cut the ground completely from under the feet of those who advance it. For in that case it would be equally true that the whole people, the landowners included, must be presumed to have given their consent to any other law; therefore also to a law taxing land values without compensation,

and that therefore the landowners have lost all moral claim to compensation as soon as such a law is passed.

These and other considerations prove that compensation cannot be claimed on any moral ground; that it cannot be paid without continuing the very wrong for the abolition of which it is demanded; that it cannot be paid to all landowners, but only to a few of the more wealthy at the expense of the vast majority of landowners and landless men alike; and that to admit its justice would open the door to the utmost corruption in public affairs. Justly does Henry George say:—

“All pleas for compensation on the abolition of unequal rights to land are excuses for avoiding right and continuing wrong; they all, as fully as the original wrongdoing, deny that equality which is the essential of justice. Where they have seemed plausible to any honestly-minded man, he will, if he really examines his thought, see that this has been so because he has, though perhaps unconsciously, entertained a sympathy for those who seem to profit by injustice, which he has refused to those who are being injured by it. He has been thinking of the few whose incomes would be reduced by the restoration of equal rights. He has forgotten the many who are being impoverished, degraded, and driven out of life by its denial. If he once breaks through the tyranny of accustomed ideas and truly realises that all men are equally entitled to the use of the natural opportunities for the living of their lives and the development of their powers, he will see the injustice, the wickedness, of demanding compensation for the abolition of the monopoly of land. He will see that if anyone ought to be compensated on the abolition of the wrong, it is those who have suffered by the wrong, not those who have profited by it.”

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