

ENLIGHTENED DOCTOR

R.V. Anderson, ed. *Commons Without Tragedy: Protecting the Environment from Overpopulation - A New Approach*, London, Shepheard-Walwyn, Savage, Md., Barnes & Noble, 1991.

IT IS NOW more than 100 years since Henry George set up the two central columns of the portico in front of a still imaginary temple of economic justice. They stand for 'two simple principles', as he put it, 'both of which are self-evident'. Here they are:

1. All men have equal rights to the use and enjoyment of the elements provided by nature.

2. Each man has an exclusive right to the use and enjoyment of

**REVIEW by
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what is produced by his own labour.¹

To achieve these results, he proposed: *To abolish all taxation save that upon land values.*² It was

to the neglect of these two principles, and to the heaping of taxation on to labour and its products, that he ascribed the worsening of poverty in an age of material progress.

As a preliminary to establishing these propositions by means of deductive reasoning that would have done credit to a Euclid, he had disproved the two main current theories that attempted to account for the same phenomenon. Of these the best known is that of Thomas Malthus,³ that populations tend to increase faster than subsistence.

Zimbabwe lesson

ONE of the problems facing the governments of both Zimbabwe and Namibia is the huge cost of making a significant impact on land reform. In the case of Zimbabwe these costs have to be faced at a time of severe financial constraints under the Structural Adjustment Programme.

What are the prospects for new approaches where the government has much less direct involvement? Can legislation be introduced which encourages significant changes in land ownership with the government only playing the role of watchdog or umpire? Now that the concept of market forces is so popular, is there any way that it can be harnessed to promote more productive use of land?

In the case of Botswana an ingenious policy has been worked out to gradually ensure that land owned by foreigners is taken over by citizens. The recent Land Reform Policy Conference in Namibia deliberated hard on this problem. The government was forced to point out that it is difficult to attract foreigners to invest while measures are being taken to arbitrarily dispossess other foreigners at the same time. The Botswana measure gets round the problem by working through market forces.

Legislation was passed to the effect that all land sales must be advertised and a heavily loaded transfer tax is levied if the buyer is a non-citizen. Presumably if price levels escalate and the tax becomes ineffective, it can be raised until it does. The major attraction of taxation as a land reform tool for African countries during structural adjustment is that it should be self financing and may even make a net contribution to government revenue.

The Zimbabwe outline Land Policy, that was announced at the end of July 1990, has a section which proposes the imposition of a new Land Tax. The Minister, Dr Witness Mangwende, commented that: "this is mainly to encourage the proper utilisation of land and also to avoid the bad habit of people who just buy land for speculative purposes". It could also have the effect of encouraging people

• ZIMBABWE-BASED RONALD WATTS tells *Land and Liberty* that "land taxation is now a very live issue throughout South Africa." He recently undertook a lecture tour of the Universities of Cape Town and Pretoria. In this article, he explains why land reform ought to include a reform of the tax system

to sell farms either for resettlement, or for other more efficient, large-scale farmers to take over. With some additional legislation it would be relatively easy to encourage the sub-division of farms.

The concept of developing many more medium-scale farms in Zimbabwe, particularly in the higher rainfall areas, has already been floated by Dr Mandivamba Rukuni, the Dean of the Faculty of Agriculture at the University of Zimbabwe.

Legislation to encourage such a move could include tax incentives where properties are divided, and a relaxation of the present rules that discourage sub-division.

According to Alan Buri, the president of the Commercial Farmers Union, his members are unhappy about proposals to limit the number of farms by decree. It is likely that measures to reduce the size of farms through the use of market forces would find fewer objections.

Zimbabwe already has a system of land taxation applied by rural councils and the Government had promised to take this into account in fixing the new tax. In 1989 rural councils in Mashonaland West raised \$1.70 million while the other provinces raised lesser amounts. Presumably, the new tax will be on a much higher scale and may need to be off-set against income tax.

There has been much controversy over the question of

CAUSES FALSE ALARM

This theory Henry George comprehensively demolished by showing that the facts adduced did not prove it, that the analogies quoted were irrelevant, and that other facts conclusively disproved it.⁴

Nevertheless, there are still some lingering doubts, which account for the genesis of the book now under consideration. Are there, in fact, some aspects of the world economy, barely perceptible in Henry George's time, that might now make it worth while to have another look at Thomas Malthus? Is there, in other words, some sense

in which his instincts may have served him well?

The story begins with the alarm felt by Dr Robert Andelson, on account of an essay by Dr Garrett Hardin entitled *The Tragedy of the Commons*,⁵ which appeared to him at first sight to be an indictment of the principle of common rights to land, and by inference a defence of its private ownership.

This alarm proved, on further investigation, to be unfounded. Dr. Hardin, who goes so far as to say that he wishes Henry George had been born soon enough to influence the founding fathers

of the U.S.A., had come across the work of another Englishman, William Forster Lloyd, a contemporary of Malthus, who had thought out an alternative explanation of his 'overpopulation'.

Why, asked Lloyd, did the condition of cattle on common land compare unfavourably with that of cattle on enclosed land? Because, he answered himself, each herdsman put as many animals as possible out to graze, with the result that the commons were being destroyed.

Continued on Back page ▶

for South Africa

under-utilised land. There is a widespread view that many large-scale farms are under-utilised. What cannot be disputed is the fact that population pressures are much greater in Zimbabwe's communal areas than they are in the commercial farming areas.

According to the 1987 Statistical Yearbook, population densities rose from 7.3 per sq. km. in 1969 to 9.4 in 1982 for rural council areas, and from 17.8 to 25.2 in district council areas. The fact that Masvingo province has a density of 23.3 compared with 14.3 for Mashonaland West is also an indication that population distribution has been severely distorted by Zimbabwe's pre-independence land legislation.

How far can a land tax be used to encourage the owners of under-utilised land to sell? A proposal was floated in the early 1980s for a punitive tax of as much as 20 per cent of the value of the land on an annual basis. However, if such a tax was to be on under-utilised land only, there is still the question of how you decide what is under-utilised. There is also the problem of who is going to decide?

TO BE effective, a more reasonable rate would need to be found with, if necessary, a proportional relief from income tax. The 1986 Commission on Taxation concluded that a tax based on utilisation was not workable.

The 1986 report did however, recommend that a land tax is needed to move Zimbabwe towards a more equitable pattern of land distribution. They concluded that if the land tax is less than the rental value, productivity would not be penalised. They also confirmed that it is an appropriate way of raising revenue from farmers.

If it could be progressively introduced in the small-scale farming areas it could also have an effect in promoting soil conservation and improved livestock management.

The man who has done more than anyone else to sell the

idea of land taxation, was an American - Henry George - who lived from 1839 to 1897. His most notable work was a book entitled *Progress and Poverty* in which he advocated the abolition of all taxes except land tax.

"When we tax houses, crops ... capital or wealth in any of its forms, we take from individuals what rightfully belongs to them", he wrote. "But when we tax ground values we take from individuals what does not belong to them, but belongs to the community," he went on.

He advocated land taxes as providing a route to a more equitable distribution of wealth while reducing the tendency of the wealthy to speculate on land.

It is over 100 years since Henry George published his book and the idea of a single land tax has not yet been adopted. However there are still societies and foundations putting forth his ideas and a number of countries have followed his ideas to some extent.

Australia and Denmark, both countries with relatively small extremes of wealth and poverty, utilise land taxation to a much greater extent than most Western countries. The greater use of land taxes in all areas of Zimbabwe - in communal as well as larger-scale commercial farming areas - would fit in well with the current thinking of many conservationists.

Mr R. K. Harvey the ex-chairman of the Natural Resources Board has recently put forward some forthright proposals in *The Farmer*: "The key to land reform", he writes, "is surely to accept and introduce some form of individual tenure" which would obviously be coupled with land taxation. Several government ministers have said recently that "all Zimbabwean farmers must become commercial farmers".

Ownership of land, according to Mr Harvey, "engenders a pride of ownership, accountability for the resource base and reduces the risk of over exploitation".