

## **WHOSE LAND IS IT ANYWAY? Fred Harrison**

According to conventional wisdom, South Africa has erased all traces of apartheid. How could it be otherwise, in the land of Nelson Mandela? When it came to power, the ANC resolved through the country's constitution, that "South Africa belongs to all who live in it".

That the ANC government was under an obligation to realise that aspiration was made mandatory by §25 (5) of the constitution This declares: "The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis". Furthermore, §237 declares: All constitutional obligations must be performed diligently and without delay." It did not happen. South Africa today still belongs to the minority: Those who own the title deeds to land, and who fail to pay the socially-created rent into the public purse. The failure of governance is a tragedy for most people. The economics of apartheid prevail in Mandela's republic. True, the elites now include black Africans. But that is of no comfort for the millions who suffer separate "development" in the shanty towns of Cape Town and Johannesburg.

There is no excuse for this failure. As the authors of the recently published book *Our Land, Our Rent, Our Jobs* note, until 2004 most of the municipalities raised revenue by a direct charge on the imputed rent of land. This model, if generalised by central government, would have made it possible to abolish the treadmill taxes that deprive people of jobs and the decent living standards that they would otherwise provide for themselves.

**The theory that underpins the treatment of land as public revenue was established long ago, and repeated time and again by Joseph Stiglitz, the Nobel prize-winner who continues to advocate rent as public revenue in these terms:**

One of the general principles of taxation is that one should tax factors that are inelastic in supply, since there are no adverse supply side effects. Land does not disappear when it is taxed... But it is not just land that faces a low elasticity of supply. It is the case for other depletable natural resources. Subsidies might encourage the early discovery of some resource, but it does not increase the supply of the resource; that is largely a matter of nature. That is why it also makes sense, from an efficiency point of view, to tax natural resource rents at as close to 100% as possible.

During its years of exile, the ANC committed itself to the rent-as-public-revenue policy. In Rhodesia, another anti-colonial activist - Joshua Nkomo, leader of the Zimbabwe African People's Union committed a post-colonial Zimbabwe to a similar policy. He stated: *We don't believe in trading land or selling land - no. And in any government that I lead, you can be certain those practices must go. That does not mean we will be taking people's land. It means that other people who haven't got money will have a chance to use land, which is the common property of everybody. And if they have to pay some rates or rent, that will go to a general fund of the people. In this way citizens can use as much land as they want. Our system is this: Once you use land, that land belongs to you. But you have not bought it. You cannot sell it to someone. The land belongs to the people, but everything on that land is yours.*

Unfortunately, wisdom did not prevail, either in Zimbabwe or South Africa; and millions continue to suffer as a consequence.

There is one solution only to the poverty which disgraces Mandela's land. The perverse logic that led to the Local Government Municipal Property Rates Act (2004), under which buildings as well as land are taxed, should be seen for what it is: an affront to the sentiments in the Constitution

Conflict did not end when apartheid was formally outlawed. Truth and reconciliation did not emerge from the commission headed by Archbishop Tutu. An economic war continues to disrupt South Africa, and all because - as the authors note - "Where the Treasury does not collect the natural rent, someone else will!" Victims include those who are crammed into "shoebox" houses in the townships, with tenants, legal or illegal, in backyard shacks paying the owners.

The tragedy throughout Africa today is the direct result of the failure to recover the pre-colonial doctrines of land rights, which ensured an equitable access to natural resources for everyone. This ethic chimes elegantly with the fiscal wisdom of philosophers ranging from Adam Smith through Henry George to Joseph Stiglitz. Africa needs to integrate its ancient wisdom with the fiscal practices that deliver freedom and prosperity for everyone.

For more on this subject the book *Our Land, Our Rent, Our Jobs* by Stephen Meintjes and Michael Jacques is now available from Shephard-Walwyn. Go to <http://www.shephard-walwyn.co.uk>. The authors provide the forensic evidence for charting the route to general prosperity. Their book provides a thorough evaluation of the nation's public finances, ranging from the disgrace of poverty in the rural areas, the failure to capture resource rents from the mining industries, and the opportunities that would arise from switching taxes away from earned incomes.

Fred Harrison:

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Fred's Guardian letter [29-2-16] on danger ahead:

### **A British recession will happen in 2019 - Fred Harrison**

Britain is on course for a recession in 2019, a year before the general election. The crash will not happen before then because politicians and central bankers will appear not to lose their nerves. The QE (quantitative easing) solution to the 2008 crash has rendered monetary policy useless as a fine-tuning instrument. Policymakers failed to adopt fiscal reforms, so politicians have no tools to guide Britain out of the current turbulence.

Worldwide, central bankers will talk up any good news, hoping to persuade consumers to spend, even as wages continue to be battered. In the US the Fed will not take any chances in the run-up to November's presidential election. Oil producers will finally do a deal to drive up petrol prices, which will be sold as- - a step towards normality. Debts will continue to grow, until a peak in house prices in 2019. Then the game will be up.

*Fred Harrison is an economics commentator and author of Boom Bust*