

ANC case for fair share-out of land

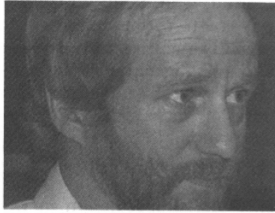
SOUTH Africa remains a powder keg, as the races and tribes jockey for power in the post-apartheid era. White farmers are likely to be the focus for violent reaction, particularly if the African National Congress redistributes land in favour of blacks, writes IAN BARRON.

Land reform will determine the outcome of the historical conflict over territory. The ANC's thinking was discussed by five representatives at a seminar in Cambridge, Mass., in September.

Reformers are approaching the problem in terms of blaming apartheid. This is colouring analysis to the point where serious policy errors could result.

That the ANC should desire a share-out of land based on justice — and to rectify historical crimes — is understandable.

Sammy Mhinga, from the Transvaal, explained how land laws were used to separate tribes from their traditional territories; and split families apart, such as



• Derek Hanekom

forcing men to migrate in search of work.

To be effective, however, the ANC must learn that property rights can be constructed to exclude people from economic opportunities, even when the law grants formal equality to all citizens.

LAST July the ANC National Conference adopted a Land Manifesto which assigns a major role to government: the market mechanism is treated with suspicion.

On rural issues, the manifesto declares:

The state must play a key role in the acquisition and allocation of land.

The state must have the power to acquire land in a variety of ways: expropriation with just compensation, purchase, grants of state land, taxes on land and other mechanisms can be used to ensure this.

The land tax is viewed as merely one of many tools that can serve policy objectives.

On urban land problems and the need for low-cost housing, the manifesto says the government must

pass laws preventing developers from speculating in land; [and] generating revenue that will help to meet the costs of such a programme.

The ANC has not yet realised that a land-value tax, at penal rates, is both the necessary and sufficient condition for preventing land speculation. This realisation may emerge when they learn that:

(1) No government, anywhere

TAX CHANGE TO TRANSFORM PROSPECTS

LAND disputes threaten the prospect of peace between black and whites in South Africa. Discriminatory land laws, in 1913 and 1936, divided the races. They have now been deleted, but the legacy is a stark one: 87% of the land is held by the white minority; and the 13% held by blacks is the worst quality land.

South Africa has a sophisticated land valuation system. Most municipalities raise part of their revenue direct from the rental value of land (Godfrey Dunkley, *That All May Live* Roosevelt Park: A. Whyte, 1990).

Aspirations about the use and distribution of land are explored by Albie Sachs in *Protecting Human Rights In A New South Africa* (Cape Town: Oxford UP, 1990).

Absent from the political debate, however, is a vision of how tax reform — raising the bulk of public revenue from

the rental value of land, thereby diminishing the damaging impact of other forms of taxation — can transform prospects, by

- Harmonising racial relations,
- Accelerating economic growth, and
- Diffusing wealth.

The African National Congress believes that it would receive over 50% of the popular vote. It has now joined the Pan-Africanist congress to lead the Patriotic Front. One objective: the formation of an interim government to oversee the transition to a non-racial society.

The ANC regards this as vital, for it fears the de Klerk government will pass laws to preserve discriminatory institutions — in particular, those dealing with the land.

in the world — except in the command economies of the East — has succeeded in “preventing developers from speculating in land”; and

(2) unless the land-value tax option is exercised, the government will be obliged to raise revenue from other sources of income — which retards economic development.

The manifesto touches on a range of issues that are best resolved by land-value taxation and the free market. For example, the ANC points to the need for “A programme for the renewal of inner cities”, but it is attracted to solutions based on government action:

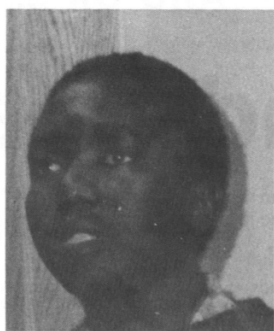
A programme for the transformation of the apartheid city must include affirmative action for the provision of land for affordable accommodation, commerce and industry.

LVT IS the only tool that provides a *comprehensive* solution to vital issues such as cultural renewal and economic security.

Heinz Klug, a member of the ANC’s Land Commission Secretariat, is a law lecturer at the University of Witwatersrand, Johannesburg. He stresses that the “free” market in land means little for the impoverished farm labourer who could not raise the capital to buy a white-owned farm.

Klug said: “There could be a land tax to try and get land to change hands. But as far as I am concerned that is going to be totally inadequate. For the massive redistribution that is required to create an agrarian structure that is acceptable, it would be impossible to rely on the present market structure”.

Klug is not aware of the benign impact of a very high tax



• **Sammy Mlinga**

rate on land rents. But the ANC will have to work this out, if it is to comply with its intention of maintaining current levels of agricultural productivity.

THE restitution of land to those who have historical claims is a high priority. The ANC proposes a Land Claims Court. Compensation would be paid to disappointed claimants.

The ANC does not plan to nationalise land; where people are dispossessed, they would be compensated. This implies fearsome financial problems.

That the ANC has an enormous job of self-education on its hands is illustrated by some of the problems which it is now posing.

For example, Klug asked “How do you establish when a person has sufficient land? Should ‘underused’ land set the limit on possession?” Resolving such issues through bureaucratic mechanisms would entail the postponement of the day when everyone was free to participate in a full-employment economy.

Dennis Davis, Director of the Center for Applied Legal Studies at the University of Witwatersrand, acknowledged that tax policy was important.

He said, for example: “Tax might be used to redistribute land by ensuring that people are pushed off,” and tax revenue

was needed by the Land Claims Court “to buy out land or engage in reparations”.

In the homelands, Davis noted, “because you don’t have private land ownership, there is no tax base”. In fact, this “problem” affords an opportunity for demonstrating that LVT is an ethically-based system that accords with anthropological tradition.

He then asked a tough question:

Q: “Would a South African agricultural land tax raise revenue of substantial amounts?”

A: A 2% site-value tax would generate 1.2 billion rands, but this was “far too high, because any realistic property tax would have to take account of exemptions. So we are talking about less than a 1 billion rand tax haul. If that is so, it is not a major revenue haul, so we have to be cautious about the land tax ... it is not a major money spinner”.

International precedent did favour a land-value tax, he said, but drafting the law would be difficult, to avoid penalising “the people you want to benefit”.

That comment indicates the bias in favour of trying to rectify the result of apartheid, rather than treating all prospective farmers as equal, allowing the most efficient to possess the land, and ensuring — through a 100% LVT — the equal enjoyment of the value of land by everyone.

The full-time Co-ordinator of the ANC Land Commission is **Derek Hanekom**. His wife served four years in prison for possessing ANC literature.

To evolve policies from the grassroots up, the ANC has divided the country into 14 areas, each with a Land Commission. Their lessons, he says, will have to be drawn from the “miracle economies” of the Third World.