

LAND & LIBERTY

NOV. & DEC.
1979



**BRITISH FOREIGN MINISTER
LORD CARRINGTON**

THE BIG

SELLOUT

THE FERTILE LANDS of Zimbabwe once belonged to black farmers. European settlers dispossessed them, in the colonial era of lawlessness, and made a handsome living out of the African soil. But the balance of coercive power has shifted. The international community imposed trade sanctions on Ian Smith's rebels. And the Patriotic Front has waged a guerrilla war which could be prolonged indefinitely. Now the Muzorewa-led Government wants military and constitutional peace. But the referee – British

Foreign Minister Lord Carrington – insists that there is a price to be paid. White farmers should be "compensated" if any of their land – originally wrenched illegally from black tribesmen – is returned to the sons of the rightful owners. This is a sellout of moral principles, a fact which should not be forgotten in the search for a compromise. Can a just and lasting multi-racial society which meets the aspirations of all its citizens be built on morally indefensible foundations?

Land & Liberty

JOURNAL OF THE UNITED COMMITTEE FOR THE
TAXATION OF LAND VALUES LTD.
177 VAUXHALL BRIDGE ROAD, LONDON. S.W.1
TELEPHONE 01 834 4266

NOV & DEC, 1979
Established: JUNE, 1894
Nos. 1,026 & 1,027
VOL. LXXXVI
Managing Editor
V H. BLUNDELL

ISS No. 0023-7574
Annual Subscription:
U.K. and Sterling Area: £4.00
USA \$10, Canada \$11
Editor
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The seabed rent racket

WHO OUGHT to own the rental value of oil and gas beneath the world's oceans? The questions may be controversial, but the current facts are not: billions of pounds in rent are being pocketed by the oil conglomerates. National governments are failing to ensure that the surplus value of energy – income over and above the labour and capital costs of production – is shared out for the benefit of all. The scandal is investigated in the next issue of *Land & Liberty*.

RHODES did not have the thought of compensation in his mind when he led the white warriors northwards into the heart of Africa in the 1890s.

He had no compunction about helping the settlers to take land with the aid of a gun. And compensation was not paid to the black farmers for the loss of their livelihoods.

Why, today, should compensation to the white farmers be paid by the people on whom the wrong was perpetrated?

THE ZIMBABWE Rhodesia peace conference at Lancaster House, London, came dangerously close to collapsing in the second week of October over the issue of land compensation.

The Nkomo-Mugabe-led Patriotic Front (PF), which has guerrillas fighting in the field, opposed the compensation principle. But British Foreign Minister Lord Carrington wanted a guarantee written into the new constitution.

The central tension in the attempt to draft a constitution which is acceptable to all parties – instead of one which just suited the landowners¹ – turned on the conflict between morality and pragmatism, between history and realities which are still unfolding in unpredictable directions.

Carrington cast himself in the role of conciliator. He said:

"Had it been our task to devise a Constitution for a state with no history, no background of discord and civil war, it would no doubt have been easy to start afresh and to proceed on some other basis.

"But a Constitution for Rhodesia must take account of the circumstances which exist in that country. Our objective must be to agree a framework within which, against that background of conflict, a truly multi-racial society based on reconciliation and mutual confidence can exist."²

The PF would not have disagreed, but they did challenge Carrington's right to select those aspects of history which suited his purpose.

PF leaders wanted to retain the right of discretion over whether to pay compensation to an owner whose land was appropriated: history and justice might have dictated no compensation in certain cases.

COMPENSATION for the loss of land is a vexatious issue, central to the problem of land reform and one of the obstacles over

⁴The basic objective of struggle in Zimbabwe is the recovery of the land of which the people were dispossessed. This dispossession, always without compensation, is not a thing of the distant past; it is something which in most cases is within the memory of people now living. And even more immediately, there has been during the present war the most widespread use of punitive communal confiscation and destruction of property.

This is the problem with which the Government of the new Republic of Zimbabwe will have to deal. That Government must have the right to acquire any land in the public interest, compensation being in the discretion of the Government.

The British provisions convert the freedom from deprivation of property into a right to retain privilege and perpetuate injustice. They are unreasonably restrictive as to the purpose for which land can be acquired and the stringent provisions as to compensation are designed to maintain the status quo.

The British propose . . . to permit the remittance to any country outside Zimbabwe of compensation paid for land acquired from a citizen or permanent resident. To encourage citizens and permanent residents to expatriate their capital is quite iniquitous; far from encouraging a spirit of reconciliation it accords to the wealthy a privilege which is normally accorded only to foreigners. It could also have disastrous consequences for the economy.⁵



The Patriotic Front

which past attempts at redistributing land have stumbled.

In Zimbabwe, the maldistribution is evident from the figures. Over 34m. acres are held by barely more than 6,000 white farmers, while 39.5m. acres are held by 3m. black peasants who live on the arid tribal trust lands (TTLs).³

Last January the Government admitted that there were 2.5m. too many Africans living on the TTLs. "About 75% of European-held land is needed for 410,000 extra African plot holders," wrote Prof. Claire Palley.⁴

But the question of who should receive compensation is by no means unambiguously resolved. The PF would argue that it was the landless blacks who should now be compensated for the loss of their traditional rights of access to land, the loss of which reduced them to penury and perhaps irrevocably destroyed significant parts of their culture.

In other words, white farmers should freely relinquish land to blacks in penance for the havoc wreaked by the first settlers!

As with all ex-colonial powers; however, Britain chose to ignore the moral issue, for a re-examination of the historical facts would have revealed a blemished record.

There is, in addition, another reason for not turning over the past: it would call into question the founda-

tions of property ownership in the mother country, where the same technique of land dispossession was employed centuries earlier – a process of internal colonisation.

CARRINGTON eased the row by suggesting that compensation would be paid by international sources, not the citizens of a newly-legitimised Zimbabwe.

Nkomo and Mugabe found this solution acceptable; indeed, they actively promoted it.

The sums unofficially canvassed at the conference varied from £100m. from Britain to £250m. from the USA. Washington has declared itself willing to finance an international effort,⁵ thereby easing the conference over the impasse.

This, however, does not alter the nature of the problem: it merely shifts the financial burden onto the wage-earning descendants of those who were rendered landless in Europe and North America!

But before any conclusions can be reached, all the policy options need to be spelt out.

● Dispossession without compensation is attractive because it rights an historical wrong, returning land to the original possessors.

But there is a serious problem with

this. In Zimbabwe, dispossession would result in the loss of skilled white farmers who could not be replaced in the short term with blacks of equivalent ability.

So the national product would drop alarmingly, and the blacks would also suffer through the loss of employment.

In other words, this is a crude way of meeting the moral case, for it inflicts further wounds on some of the people who were originally dispossessed: for not everyone could have economically-viable tracts of land for their personal use.

● Henry George, in *Progress & Poverty*, advanced the case for not paying a penny in compensation.

He took the extreme view based on the unarguable moral basis that the concept of compensation in this context violates reality. For the people who should be compensated are the landless and their children – not the expropriators.

On the other hand, capital improvements on the land – fences, drains, buildings – belong to those individuals who created that wealth. They are entitled to compensation for the unexpired value of improvements.

The smoothest method for achieving this complex goal is a simple fiscal mechanism: an annual tax on the market value of land in its unimproved state. This offers three

NEWS ANALYSIS BY VIC BLUNDELL AND FRED HARRISON

crucial advantages.

(1) The economic benefits of land ownership are transferred to the whole community through the Exchequer.

(2) Idle land, of which there is a great deal in Zimbabwe, would be brought into immediate use.

(3) Skilled white farmers would be encouraged to continue farming. Agriculture is the most important sector in the Zimbabwe economy, and this option offers the prospect of creating an efficient rural sector.

● A compromise on Henry George's solution would be a discriminatory tax policy.

Owners who bought their land 20 years ago or more have fully recovered their capital outlay, in the form of imputed rental income. In a regime of rising values, this is generous compensation for the original purchase price, in fact.

So these people could immediately start paying tax on unimproved land values at a rate of 100%.

Owners who can prove that they bought land within the last 20 years could be taxed on a sliding scale. Thus, someone who paid for land 10 years ago can be assumed to have recovered half of his original capital outlay: he could be charged at the rate of 50% of the current annual value of land.

Someone who bought land five years ago would pay at the rate of 25%, and so on until everyone has recovered his original outlay and is paying the full rental income to the community.

● A variation on the cash compensation approach, which has been used by a number of Third World countries, is to give bonds to the dispossessed owners.

To defend this solution as equitable in the eyes of owners, however, the interest payments on the bonds would have to equal their rental income.

A huge on-going financial burden is imposed on the developing country, but it at least removes the need to raise enormous sums in ready cash at the outset.

This solution is of dubious value from everyone's viewpoint, however.

If, as is normally the case, the value of land is rising, the increase in rental income accrues to the community if land value taxation is adopted, or to the new landowner if land value taxation is eschewed, in which case one set of landowners have been merely replaced with another set.

With inflation, the value of the bonds decline. This is another way of

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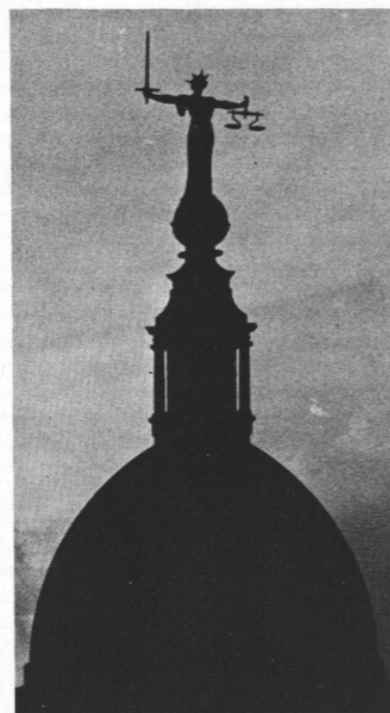
JUSTICE

Is She Blind?

THE LAW

How It Is Rigged By The Lawmakers

BY P. E. POOLE



IN A RECENT Lands Tribunal case, a Welsh houseowner successfully won £1,600 from Mid Glamorgan County Council as compensation for the noisy construction work on nearby Cardiff Airport. The value of his property, he contended, had been adversely affected.

But what happens when the value of land is *increased* by public expenditure? There is no equivalent right by the taxpayer to claim "compensation" from beneficiaries.

The scales of justice are tipped in favour of landowners, even to the point of determining who – in law – has the right to breathe oxygen. For there is a common law rule which dictates *cujus est solum ejus est usque ad coelum et ad inferos* – "to whom the land belongs to him it belongs all the way to the sky and to the infernal regions." Thus, those who do not own land can only claim legal access to light and air vertically over publicly-owned land!

The belief that we are all treated equally before the law is a grave error. People cite Magna Carta (1215) as evidence to support the belief. But this states (clause 39) that everyone is equal before "the lawful judgment of his peers *or by the law of the land*". But what if the law-making political system is dominated by a sectional group? The law is liable to treat people unequally, the practical effects of which are obscured by the belief that "we are all equal before the law." Magna Carta was a political document more than a statement of law, and its main aim was to protect the interests of landowning barons.

The judicial system on which we pride ourselves treats everyone equally in the sight of promulgated laws. **But justice depends on who is writing the laws!**

● **MRS. THATCHER'S** Government has announced its intention to amend Part I of the Land Compensation Act 1973, to remove the time limit for making claims for compensation for depreciation in the value of property caused by public works. But there are no plans to finance public projects out of the increase in land values created by such undertakings.

Zimbabwe and compensation

Continued from page 84

transferring income out of the hands of the previous owners. But there is a danger that the Government will deliberately set out to debase the currency to engineer this result. This trick has, in fact, been used by some governments, but it does not make for a sound economy. It would, for example, penalise people who lend money: fixed capital formation would therefore be deterred.

● The Government could declare that, from a given date, all settlers hold their land on 50-year leases.

This enables them and their children to continue farming the land which they procured and serves notice on everyone of the altered basis of land tenure. Then, in 50 years, the land would revert to Zimbabweans.

There are serious disadvantages with this approach.

(1) The cost of holding land idle would still be nil, so the land-starved blacks and the economy would continue to be disadvantaged.

(2) There would be an advantage in selling land sooner rather than later; for as a lease expires, so the capitalised value of the remaining income stream declines until eventually it has no selling value at all. Only people with access to funds could obtain land for sale, and at least some of the sellers would transfer cash out of the country instead of re-investing it in domestic capital formation.

(3) Recognition of the moral issue is deferred for two generations, which does not augur well for a multi-racial society seeking to elevate itself onto a new plane of non-discrimination.

● John Stuart Mill proposed that future increases in the value of land should be appropriated for the benefit of the community through a land tax. He wrote:

"Suppose that there is a kind of income which constantly tends to increase, without any exertion or sacrifice on the part of the owners.....In such a case, it would be no violation of the principles on which private property is grounded, if the state should appropriate this increase of wealth, or part of it, as it arises. This would not properly be taking anything from anybody; it would merely be applying an accession of wealth, created by circumstances, to the benefit of society, instead of allowing it to become an unearthed appendage to the riches of a particular case. Now this is actually the case with rent."⁶

It was this kind of compromise with the moral principles which led Henry George to criticise Mill in *Progress & Poverty*. But had Mill's plan been instituted a century ago, landowners today would be receiving a fraction of the current rental income, given the steep rise in values.⁷

Should Nkomo and Mugabe take the long-term view? Maybe. On the other hand, as Keynes noted, we are all dead in the long run: what about the millions of destitute people today, who would enjoy an improved quality of life if moral principles guided action?

THE PROVISIONS of the Declaration of Rights concerning land in our Constitution strike a fair balance between the protection of private property and the legitimate desire of the Government to spread land ownership more widely. The Government of the day will be able to acquire under-utilised agricultural land for settlement against the payment of adequate compensation. The principle of compensation for those who are deprived of their land in such circumstances is an established one and there are parallels in other independence constitutions. A future Government would be able to appeal to the international community for help in finding acquisition of land for agricultural settlement. The amended version of the Constitution circulated by the Patriotic Front would give the Government far more sweeping powers, would make compensation discretionary, and would omit pensions benefits from the protection of the Declaration of Rights. The British Government cannot accept these changes. In the circumstances of Rhodesia, it is reasonable that those whose land is compulsorily acquired for the benefit of others should have the right to use the compensation to enable them to make a fresh start, whether at home or abroad.

Lord Carrington at the Lancaster House conference, Oct. 9, 1979.

WHILE PHILOSOPHERS are required by logic to pursue pure conclusions, politicians like Nkomo, Mugabe, Bishop Muzorewa and Ian Smith are obliged to take account of the realities of specific cases.

The white settlers, for example, have to gamble on whether an insistence on full compensation would lead to a protracted war in which they might lose everything — including their lives — as a result of military defeat.

The PF, however, have to calculate whether they are ultimately onto a hiding for nothing: might they be wise to concede part compensation, at least, in order to advance the cause of the millions of suffering landless peasants?

Such are the dilemmas of politics. Take the case of slavery. Today, no man of conscience would recognise the right of slave owners to be paid compensation for the loss of property in human beings.

But the slave owners insisted on recovering the money which they had invested in slaves, and those in the British West Indies received \$100m: is this not better than that slavery should still be an institution today?

The end of slavery may not have turned on weakening the slave owners' resolve to resist by the lure of compensation, of course, but this is a fine point over which the slaves would not have cared for protracted debate: they just wanted out!

THERE CAN be no question that property rights in capital equipment, buildings and general improvements to land must remain with the white settlers, or full compensation paid.

Further, there must be no discrimination: whatever their racial origins, all sections of the population must eventually share in the unimproved value of the land, urban as well as agricultural.

The road taken to achieve this desirable objective must be one of compromise, if prolonged political, economic and military warfare is to be avoided. We have spelt out the options, and the one proposed by Henry George is likely to be the fairest and least disruptive. Let us hope that this counsel will prevail.

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4. 'Carrington's recipe for discord', *ibid.*, 15.10.79.
5. David Martin and Colin Legum, 'Secret US move helped end Rhodesian deadlock', *The Observer*, 21.10.79.
6. J. S. Mill, *Principles of Political Economy*, Bk V, Ch. II, sec. v.
7. This point was conceded by Henry George in *Progress & Poverty*, Bk VII, Ch. III, where he states: "All that can be said of this plan is, that it might be better than nothing."