

Zimbabwe: competing models for land use

WHAT ARE the chances of the two black factions of Zimbabwe co-operating to create a just society?

At present the guerrillas insist that the war must go on – for, they say, the black leaders who have reached an internal settlement with Ian Smith have “sold out.”

The ideological differences between them seem irreconcilable. This interpretation is illuminated by a key issue – the use of land – on which they (superficially) appear to agree.

The essential difference, however, is over the economic framework within which land use policies would operate.

Joshua Nkomo directs his Zimbabwe African People's Union army from Zambia. In an interview with *Penthouse* (Vol. 13, No. 12, 1979) he gave his views:

“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 rents, 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.”

Nkomo recognises the com-

munal dimension to land ownership, which is an essential part of African tribal tradition, but he propagates a fierce anti-capitalist philosophy. This means that the market would not be allowed to determine the value of land or function to reallocate it to its best use *in the interests of everyone*. Rigidities in the land market would be one result, inefficient use another. So a sub-optimum pattern would operate to curb the economic growth which Nkomo wants for his people.

A different model is proposed by the United African National Congress (*The Rhodesian Herald*, 21.6.77), which is fighting for power in Salisbury via the ballot box.

The UANC suggests that a land tax should be introduced “to ensure that the best use was made of all land.” Recognising the initial difficulties in changing to this fiscal mechanism (the need for objective land valuations, compilation of registers, etc) the UANC offers a practical solution for immediate needs:

Everyone who possesses land would place a value on it which would be used for taxation purposes – and, as a weapon against tax-dodgers, the land-owner's valuation would be used for expropriation if the community decided that he was being dishonest!

This model differs fundamentally from Nkomo's. It recognises that, in modern conditions, market incentives should be harnessed to (a) determine patterns of land use, and (b) ensure re-allocation of land to efficient users.

The UANC, then, proposes an effective fiscal device to generate optimum economic growth while safeguarding the rights of everyone to enjoy equally the natural resources of their society.

A fundamental divide in economic and political philosophy separates the black citizens of Zimbabwe, and it remains to be seen whose views – if either – prevails.

PRICE RISE

BECAUSE of the altered exchange rate between the US dollar, the Canadian dollar and the £ sterling, and bank charges on dollar cheques, we regret having to apply new rates for our North American readers. All new and renewed subscriptions for *Land & Liberty* will be at US\$10 and Canadian \$11.

A SCANDALOUS under-use of land owned by white Rhodesian farmers seriously retards employment and growth prospects.

In 1976, 3m acres were not being used at all. While some of this may not be suitable for farming, Roger Riddell points out that this does not provide a full explanation.¹ For between 1975 and 1976 the total number of acres of land farmed fell by over 1m acres.

Some European farms are unused, while others are employed for residential purposes only.

This alarming misuse of a resource in fixed supply cannot be fully accounted for by the exodus of whites from the country. For even in 1972, before the out-flow gathered momentum, 30% of all farms in south-west Matabeleland were either unoccupied or used only for residential purposes!

This profligate waste contrasts with the over-crowded black reserves, where farmers have been forced into the intensive cultivation of the soil which now threatens ecological retribution.

Would it make sense to physically reallocate land to the needy? Clearly, there is scope for re-settling some black farmers on tracts which are being held idle.

But this “reform” – the one favoured by most people who claim to want to radically transform the distribution of land – neglects the inter-temporal dimension.

Even if it were theoretically possible to give every worker in a country a plot of land, this would not solve the need of future generations.

The Mexican revolution resulted in massive re-allocation of land, for example, and consequently increased the absolute number and proportion of people with land rights. This is cold comfort for the landless (see table). While they decreased as a proportion of the total, their total number increased by 800,000. An ideal land reform, therefore, has to incorporate a solution to the inter-generational problem.

THEN THERE are the urban dwellers.² It would be offensive to social justice to write them off as irrelevant to a programme of land reform. The unemployed in the slums of Sao Paulo and Karachi were spawned in the rural sector – then spurned. Can a programme be devised which accommodated their rights while simultaneously optimising the economic viability of farms?

The model advocated here gener-

The ideal land reform for economic growth and social justice

By Fred Harrison

ates a solution to these complex problems: land value taxation.

Present owners need not be dispossessed. Their status would be changed – by the mere fact of a 100% ad valorem tax on all land values – into land users. They could continue to possess the land so long as they paid the tax. The level of rents would be determined by the market.

The virtues of a tax on economic surplus (rent) can be summarised as follows:

(1) Data on the quality of land is generally poor or non-existent. This creates an obvious difficulty for the proposal to allocate land: how can two peasants be treated equitably if the tracts assigned to them were not comparable in terms of their income-generating potential? And how can those charged with assigning land know, accurately, the quality and

quantity of land available for an equitable distribution? Countries like Brazil have terrain ranging from lush grasslands to amazon forests and arid deserts, a mixture which poses problems when it comes to deciding who should have what. The land value taxation approach, however, avoids this problem. It levies a tax on the value of the land, which is determined by fertility, location and the demand arising for the products and services of the land. Everyone associated with the agricultural sector benefits, by sharing in the public expenditure arising from land value taxation, and through a more prosperous agriculture. All this is achieved, then, through the mechanism of redistributing values, not land *per se*.

(2) Variations in the man:land ratio do not present an obstacle.

The market, in conjunction with the enterprise of the land users, determines the optimum sizes of farms and the number of people employed upon them. The tax forces possessors to make optimum use of the land; failure to do so results in their inability to meet their fiscal obligations, and so compels them to relinquish holdings to more competent farmers. This encourages the division of inefficiently farmed *latifundia* in Latin America, and encourages the amalgamation of farms in Asia.

(3) The process outlined in (2) pressurises the rural sector towards efficient commercialisation of farms. One consequence of this modernisation process would be the displacement of landworkers who were – in productivity terms – redundant. This would create an even larger pool of “landless” workers, a serious effect only if they could not be absorbed in the urban-industrial sector. But land taxation accelerates the general rate of economic growth:

- (i) By placing the fiscal burden on land values – which cannot be passed onto consumers through higher prices – taxes can be reduced on wages and the interest received on capital. This would expand the domestic consumer market, which is said to be a limitation on the development of industry in Third World countries; and encourages fresh fixed capital formation, all of which amounts to a rise in living standards and the creation of new jobs.
- (ii) Land value taxation removes the deleterious effects of speculation. The growth of industrial economies has been seriously hindered by the shortage of funds which have been attracted into land speculation. The dislocations arising from speculation have also been serious: land in desirable locations has been held idle by owners in the confident expectation of higher capital values in the future, this has pushed up the rents of land in use, forced the sub-optimum use of land arising from urban sprawl, and generated higher costs (such as in transportation). A 100% tax on land values smites the dead hand of the speculator and removes these obstacles to development.
- (iii) One of the major problems to industrialisation in Third World countries is the inadequate infrastructural services – roads,

Occupation structure: MEXICO

	1930 (Millions)	1960 (Millions)
Agricultural workers	3.6	6.1
Landless peasants	2.4 (68%)	3.3 (54%)
Ejidatorios	0.5 (15%)	1.5 (25%)
Non-ejidal owners	0.6 (17%)	1.3 (21%)

SOURCE: Centro de Investigaciones Agrarias, quoted in Gerrit Huizer, *Peasant Rebellion in Latin America*.

water, power, and so on. These "lumpy" capital investments have been undertaken by the public sector, because they often prove to be unattractive to private investors; returns tend to be low and spread over a very long period. Rent is an attractive source of revenue for such investments. The land tax is suitable for financing such developments, for, unlike taxes on wages and interest, it complements – rather than deters – capital formation in the private sector.

- (iv) Social justice is an integral part of a cohesive socio-political system. Without it, the economic side of life suffers. Land value taxation is an instrument for justice as well as economic progress. It shares out, through the exchequer, the value created not by individual effort but by the presence and activities of the whole community. The highest values are concentrated in the urban centres: through land value taxation, these can be enjoyed by farmhands on the poorest of soil on the margins of the economy. The mineral wealth in far-flung places can be shared by the small entrepreneurs and workers in the conurbations. As economic growth accelerates, so land values rise: everyone shares in the spoils. As children are born, so they stake their rights to the resources of nature irrespective of whether their parents work as office clerks or possess 10,000 acres.

GENERALLY, the choice as to the content of a land reform programme is narrowed down dangerously to the two extremes: absolute ownership or collectivisation. Strategists who refuse to open up this third option are inviting political violence.

The political preference for the western model of proprietary rights is encouraged by the declarations of "human rights" promoted by international agencies like the UN and the European Convention. These are either ambiguous – asserting the right to private property, without confronting the related issue of how property can be enjoyed by everyone – or they explicitly promote the notion of outright ownership. Since land is a factor in fixed supply, this effectively means arrogating monopoly power to a minority. This

prescription offends social justice, but is defended on the basis of the mistaken belief that absolute ownership is a necessary condition of economic growth. In fact, the necessary prerequisite to economic growth based on individual enterprise is *secure possession* of land, which can be met within the framework of land value taxation.

Allocating land with the right of absolute ownership may succeed in enlarging the class which fortuitously benefits, but it does not deal with the out-group – those who have no stake (directly or indirectly) in the natural resources of their community. Social friction might be deferred for a time, but not eliminated altogether.

A crude programme based on land re-allocation can seriously hinder subsequent attempts to introduce a land tax. In Bolivia, for example, immediately after the revolution in 1952, over 324,000 peasants received nearly 1m hectares of land which they had formerly worked in exchange for unpaid labour. In 1968 the Government decided that a land tax would be a good idea: the peasants, however, thought otherwise. They succeeded in thwarting the plan.³ As new landowners with a vested interest, they rejected the idea of sharing with others the surplus production (rent) over and above the returns to their labour and capital. They joined the privileged class and insisted on exercising monopoly power without recognition of any social obligations arising from their control over land.

The dogmatic insistence on absolute rights of ownership necessarily creates a reaction among members of society who do not share in the fruits of nature. This reaction may be mute at first, but – depending on local conditions – eventually explodes in violence. The communist ideology, in such conditions, is bound to gain recruits. Academics, politicians and bureaucrats from the international aid and development agencies who encourage absolute ownership rights are actually turning developing countries into hostages of fortune. For by focussing sharply on the free market model with built-in defect – land monopoly – they invite false comparisons which appear as revealing evidence in favour of the communist alternative.

1. Roger Riddell, *The Land Question*, London: CIIR, n.d., p.13.
2. A growing proportion, at least 20% in some areas of Rhodesia's Tribal Trust Lands, have no rights at all. *Ibid.*, p.10.
3. Gerrit Huizer, *Peasant Rebellion in Latin America*, Harmondsworth: Pelican, 1973, pp. 59-60.



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