

# 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.<sup>4</sup>

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 Anderson, on account of an essay by Dr Garrett Hardin entitled *The Tragedy of the Commons*,<sup>5</sup> 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.

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## 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".

(It does not seem, incidentally, to have occurred to him that a more likely cause would have been that the commons were a mere remainder that were worth no influential person's while to enclose.)

Critics were not slow to point out that, as a matter of historical fact, English commons were subject to a process of regulation by users' consent, whereas Lloyd's herdsmen seem not to have noticed each other's presence. As a result, Dr Hardin now admits that the title of his essay should have been *The Tragedy Of The Unmanaged Commons*, and that the situation discussed by Lloyd and himself 'was one of non-management of the commons under conditions of scarcity'.

This immediately and obviously puts the whole subject where Dr Hardin intended it to be in the first place, namely into the realms of symbolism, where it has a number of useful present-day applications.

Dr Hardin has thought of some of these himself. The Marxist doctrine of 'to each according to his needs' is an outstanding example of the abuse of 'commons'. So are the gains to speculators from the

increased value of land that has been brought about by community development.

Such speculation, of course, is the cause of the 'conditions of scarcity' under which the commons miss out on management. Here he makes it evident that his own thought and Henry George's run parallel. Insurance and socialised medicine are two further examples that he quotes.

Dr Hardin's contribution crowns the whole; but what goes before is in effect an elaboration of his arguments. Here are to be found specialist analyses of the causes of population growth and decline; of how the philosophy of Henry George may be applied to the solution of ecological problems that had only just begun in his time to make themselves felt; and of how the same philosophy could, given the

goodwill, provide an alternative to violent resolutions of territorial disputes, and a clue to the future management of yet unexploited parts of the Earth.

All this is not to say that this book is in any way a definitive guide to the future conduct of world affairs. It is rather intended to provide a series of openings for serious discussions that start from the premise that they cannot go on as they are.

If it is accepted, for example, that Malthus was right to the extent that the combined population growth and standard of living now considered to be normal in Europe and the U.S.A. cannot be maintained without irreparable damage to the environment, what system of government can be devised that will ensure the adoption of effective remedial measures?

We are left with the suggestion that the ultimate answer could be self-government by communities of such a size that all members were at least acquainted with each other.

Shame would then be an effective deterrent to action contrary to the common interest, just as it was in England during what we may now think of as the golden age before the enclosures.

— REFERENCES —

1. Henry George, *Protection Or Free Trade* (1896). New York: Robert Schalkenbach Foundation, 1980, p.280.
2. Henry George, *Progress and Poverty* (1879), Book VIII, Ch. II. Robert Schalkenbach Foundation, 1979.
3. Thomas Robert Malthus, *An Essay On The Principle Of Population* (1798). Harmondsworth: Penguin Books, 1970.
4. Henry George, *Progress and Poverty*, Book II.
5. Garret Hardin, 'The Tragedy Of The Commons', *Science*, 162 (1968), pp.1243-1248.

place as soon as possible after Labour took charge, this would set off a non-inflationary development-led boom, but it would also bring further benefits.

If the government were to borrow to pay for infrastructure improvements, the resulting land value increases could be recaptured through the local tax system. This would allow a Labour Chancellor of the Exchequer to reduce central government support of local

government, and provide an opportunity to pull the additional money out of the system and maintain stable prices.

SINCE 1945, there have been four periods of Labour government and three of Conservative government. None have managed to establish a state of non-inflationary prosperity. All have failed to live to up their initial promise and all their policies have come to grief.

Each Tory boom has ended in a property (land price) boom, followed by a severe bout of

depression. Labour policies have fared no better. A principal reason for this history of failure is the absence of any tax on land values, since a causal link can be demonstrated.

Economists and governments of all colours have ignored this and it has cost the country dear. We have taxed that which we ought not to have taxed - wages and the return to capital, and left untaxed that which we ought to have taxed - the rental value of land.

*If Labour is not going to lead us out of this morass, who will?*