

# Georgism for everyone

Stephen Meintjes & Michael Jacques. *The Trial Of Chaka Dlamini: An Economic Scenario For The New South Africa*. Johannesburg: Amagi Books, 1990, 19.95 rands.

A FACILITY that has always been scarce in the Georgist movement is a supply of expositions of our philosophy in a form that makes them suitable for popular consumption.

It takes a steadfast reader to work his way through the four hundred pages of Henry George's *Progress And Poverty*, or even the two hundred of its abridgment, and this for a reason that will be familiar to devotees of Lewis Carroll's *Alice In Wonderland*.

Neither book meets Alice's criterion of containing "pictures or conversations". The one now before us, *The Trial Of Chaka Dlamini*, by Stephen Meintjes and Michael Jacques, is not indeed illustrated, but conversations are of its very essence.

The technique is no new one in its application to questions of serious philosophical import, as the authors are evidently aware.

Long ago, in the fourth century B.C., Plato, alarmed by the condition into which Athens had sunk after half a century of rule by the people at large, and twenty-seven years of war, developed a plan for rule by a disinterested elite, and wrote it down in *The Republic* in the form of conversations between his mentor Socrates and characters

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holding various conventional opinions.

Now a convention may be defined as a concept accepted uncritically as the truth by a large majority; and it was indubitable truth that Socrates was seeking to arrive at.

So, by means of a skillful series of questions, he would set to work on his companions, and condemn them out of their own mouths of not knowing what they were talking about. Having cleared the ground, he would put further questions to them to elicit more constructive answers.

Unfortunately, in this world the truth, far from setting you free, as it is supposed to do, is more likely to get you into trouble.

SOCRATES is an early example of the kind of thing that can happen; for he was arraigned and convicted on three charges, one of which was that of corrupting the young. He was then sentenced to death.

The story is told for us in four more of Plato's dialogues, the *Euthyphro*, *Apology*, *Crito* and *Phaedo*, now known collectively as *The Trial And Death Of Socrates*.

*The Trial Of Chaka Dlamini* has a happier end; for, although

he is accused before an informal people's court in Soweto of the same offence of having a bad influence on the young men – because he had been talking to them about Henry George and the single tax on the value of land – he succeeds in convincing his accusers one by one that they have been wrong and that he is right.

Chaka's teaching method for most of the time is the reverse of that of Socrates, in that it is Dabulamanzi, a student of economics at the University of the Witwatersrand, Wilson Radebe, a young banker, Alfred Nkosi, a television cameraman, and various others, who ask the questions, and Chaka who provides the answers.

No doubt considerations of space influenced the authors' choice in this matter for *The Republic*, though eminently readable, especially in F.M. Cornford's translation (O.U.P., 1941), is a very long book indeed.

Chaka's first task is to justify the idea of taxing land values to the exclusion of everything else. He does so with simple examples drawn from his hearers' own experience.

Can they imagine, he puts it to them, Mbezi the pub-keeper maintaining a record of tax deducted from his employees' wages, adding it up and balancing it at the end of the year, and giving them all certificates to produce to the Receiver of Revenue?

Their only reply is helpless laughter. Yet this, he assures them, is what the white men do, and what everybody would be expected to do under the socialist system of the Freedom Charter, in which they have so much faith.

Indirect taxation, harder to

## CHAKA IN BUDAPEST

AT THE invitation of Professor Chako Chabi, Rector of the Budapest University of Economic Sciences, Stephen Meintjes (right) met lecturers and students in April to examine the relevance to Hungary of his book's proposal. Mr Meintjes pointed out that the proposals by "Chaka" aimed to reconcile the apparently conflicting demands between the government and international investors for privatization, lower taxes and less state regulation, and the demands by the mass movements such as the ANC for redistribution via nationalization, higher taxation and more regulation. The meeting was chaired by Professor Lajos Zelko, Dean of the Faculty of Economics.



escape, is another effective deterrent to labour, chiefly because it makes it impossible to work the marginal lands, which would otherwise yield an adequate livelihood to labour, but no more.

Hence the drift to the shanty towns. The general tolerant attitude towards tax evasion and avoidance is a pointer to its basic immorality.

Part of Mbezi's success, Chaka goes on to explain, is due to his organising ability and good relationships with his customers; and his reward for these is one that he should be allowed to keep intact.

On the other hand, part is due to the location he has chosen, and the density and quality of the surrounding population. This part shows up in the value of the site, which, being thus created by society, is the only logically and ethically justifiable source of public revenue.

AT THIS point, Chaka deals with a question that is seldom considered: what happens when the market price of individual sites, which now provide a benchmark for the valuation of others, is totally absorbed by land value tax at one hundred per cent?

The solution he quotes is one given in the thirties by Monsieur V. Pr cy of the 'Ligue Pour La R forme Fonci re', a continuous auction in which bids are invited for rents, not prices.

Having laid a secure foundation, Chaka proceeds, against a diminishing opposition, to describe the wider social benefits that will accrue from this reform. Nobody will want to hold more land than he can profitably use; and the lifting of the taxes on industry and trade will encourage people to use the marginal lands that yield no rent, and will therefore also not be liable for the land value tax.

This expansion of opportunities for individual enterprise will tend to curb monopoly, and, as a corollary, to replace a banking system that at present serves monopoly and speculation with a decentralised one that will benefit a rising class of small craftsmen and retailers.

The first cause of the specifically South African problems of race relations, and rivalry between the Afrikaners and the English, will gradually be eliminated by a land reform that is in keeping with the traditions of both the Afrikaners and the African tribes; and the present vexed question of power-sharing will cease to exist.

FINALLY, the implications of the single tax for the rest of the world are considered in some detail, as are also its probably beneficial effect on business cycles.

Nor does Chaka neglect such matters as successful applica-

tions in part of the land value taxation principle, free trade and a proper limitation to the functions of government.

This grasp of affairs is remarkable, one would think, in an occupant of a "shoe-box house" in Soweto, until it becomes apparent, by an accumulation of references to sources, that he is a regular reader of *Land & Liberty* and *The Economist*.

A further question on which one would have appreciated Chaka's opinion is the one of whether economic justice would suffice to soothe the inter-tribal animosities that at present appear to be exacerbated by right-wing extremists.

It would also have been helpful if he had corrected a statement by Dabulamanzi (page 8) that "money to pay wages" would be a part of Mbezi's initial working capital.

Henry George exploded this fallacy by pointing out that wages are paid after labour has added value to the employer's stock of capital, and therefore at no time diminish it. Mbezi would pay the first week's wages out of the first week's takings.

*But these are minor criticisms of an excellent book that for some time to come should be both a valuable source of arguments and information for the convinced Georgist, and, above all, an entertaining introduction to Georgism for the beginner.*

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**Street) paying lower rates than under the existing rating system.**

An attempt to calculate the annual rental value of land in Great Britain for 1985 has come up with the figure of £39.4 bn, if all mineral rents, farmland, routeways and urban parks are excluded\*. An average rate of 34p in the pound on that rateable value would have been sufficient to yield the £13.4 bn raised in Great Britain by the existing rates.

Anders Muller of the Inland Revenue Directorate in Copenhagen, who has studied the operation, incidence and economic effects of Denmark's property taxes relative to other taxes, concluded that "it would therefore certainly be wise to consider an increase in taxes related to properties (which) could for example finance a reduction of the

income tax".

Far from having to think of transferring the responsibility for huge chunks of local spending, such as education, to central government, there are excellent social and economic reasons for contemplating local government rates displacing central government taxes.

According to the British figures above, an additional 54p in the pound site-value rate would have been sufficient to replace all central government grants in 1985. The £21 bn saved would have been equivalent to one-third of personal income tax, corporation tax and employers' national insurance contributions together.

\*Ronald Banks, ed., *Costing The Earth*, London: Shephard-Walwyn 1989.