

Godfrey Dunkley reports from Cape Town

Land Tax plan for South Africa

DEREK HANEKOM is a politician with a problem. As the Minister of Land Affairs, he has to address the major problem of people's expectations about land which were heightened during the run-up to the elections in April 1994.

There are a large number of people, particularly blacks, who were dispossessed of their land during the apartheid era. Some of this land is still owned by the state but a fair amount was sold into private ownership.

Legislation is now being prepared for land to be restored to previous owners, wherever possible. But land which is now in private ownership presents a major problem, as land values have soared in recent years.

Nonetheless, serious thought is being given to the possibility of introducing a Rural Land Tax. The tax is being investigated by the Department of Land Affairs and a Parliamentary Select Committee on Land Affairs.

THE DETAILS of that Rural Land Tax have not been set out in the publicity which the proposal has received over the last few months.

I met Minister Hanekom in March to emphasise the need for a tax to apply to *all* land, not only farmland. I also pointed out that this should not be an additional tax, but that other taxes should be reduced by an equivalent amount.

Minister Hanekom followed up his interest in the fiscal policy. On June 13 the Parliamentary Select Committee on Land Affairs held a meeting, attended by 30 members

SOUTH African policy-makers have had the benefit of a series of academic investigations into the land-rent tax over the past three years. The first of these was held in March 1992, beginning with a conference at the University of Pretoria to investigate the feasibility of a rural land tax. This was sponsored by the Centre for Human Rights Studies and organised by Prof. Riel Franzsen. This was followed by a workshop at the University of the Western Cape. Both sessions were attended by Derek Hanekom of the African National Congress. Scholarly contributions to these early seminars came from three US professors: Mason Gaffney, John Strasma and Rex Ahene.

representing the various parties in the Government of National Unity.

Prof. Riel Franzsen of the University of Pretoria presented a balanced academic assessment of the advantages and disadvantages of different types of land tax, with a slight bias in favour of a land value tax which is regarded as the most equitable.

Malawi land chief says 'thank you!'

THE MINISTER of Lands and Valuation for Malawi has thanked International Union President Godfrey Dunkley for the help he received at the IU conference in Denmark in July (report: Open Forum, p. 1).

On returning to Malawi, Alhaji Shaibo Itimu, MP, wrote to Mr Dunkley: "The conference created a wonderful opportunity for me to get new ideas on land matters from the distinguished participants whom you invited to the conference, Henry George's theory on land and taxation is one of such ideas that I learned at the conference. It is my intention to have my Ministry investigate these ideas further so that Malawi can benefit from them.

"Further, the conference and the new ideas came at an opportune moment when we in Malawi are in the process of reviewing our land policies. In this connection I also found the conference's contribution to my presentation on Land Policy Review and Reform Programme in Malawi very encouraging"

I was also invited to make a presentation, and I spoke strongly in favour of a land tax based on either the market value or annual rental value of all land. Again, I emphasised the need to reduce other taxes by a corresponding amount. I pointed out to the politicians that this was essential if unemployment was to be reduced and the dignity of people raised.

The presentations received a mixed reception. The body language and comments from two of the white members of parliament showed distinct disapproval and there were some adverse comments about the proposals.

In sharp contrast, however, many of the black members found merit in the proposals. Many spoke of taking the matter further. One member stated that the old ideas had not worked, that they were looking for new ideas and that they were listening to new ideas which should not be disregarded without a thorough investigation.

The land issue in South Africa is a sensitive one. Minister Hanekom is faced with a very delicate situation. Fortunately, he is proving to be the right man to meet this challenge.