

dam, or to irrigate a dry area, or of a municipal council's plans for making a park in a suburban area. A host of other national or local decisions similarly affect the sensitive value of land, to the benefit of some and the loss of others.

The principles of the "Group Areas" policy could be very largely implemented, with a minimum of outcry and disturbance, by a full use of the site-value-rate principle. It is clear that neither the members of the Government nor of the Nationalist Party (nor, for that matter, members of the other parties) realise this. Yet what has happened in Johannesburg provides ample proof to support this contention. For instance there is an area popularly known as "Motortown" where the ground-floor shopping spaces and the upper floors of office buildings are occupied almost exclusively by the companies in the motor trade. Similarly, another section in the city is held almost exclusively by wholesale merchants. In another area the head offices of the banks, insurance companies, and building societies are grouped together. Much the same applies in residential suburbs; some are almost entirely "English-speaking," others are mainly "Afrikaans-speaking." These commercial and residential "groupings" have developed without any legal compulsion, merely on the well known basis that "birds of a feather flock together."

If the site-value rating principle were fully implemented—that is, if the Union Government and the Provincial Administrations drew the bulk of their revenues from site rates—the Natives, being the lowest paid group of workers, would naturally gravitate to the areas where, because the land is cheapest, the rates would be lowest. Similarly, and almost unconsciously, other sections of the population would group themselves elsewhere. Today the relatively high price of land forces all sections, except, of course, the wealthy, to live where they can rather than where they would like. Site-value rating, with its effects of generally lowering the price of land and breaking up the concentration of land ownership, if fully adopted, would go a long way towards solving the "Group Areas" problem. Moreover, it would have a highly beneficial effect on farm life and would reverse the current "drift to the towns" of both White and Black.

The Government today draws most of its revenue from income tax and commodity taxes. This puts the farmer at a grave disadvantage. He pays his taxes on the same basis as the townsman but does not receive the government service which the urban dweller gets. The townsman has the railway, police, post offices, etc., within a few minutes' walk or ride; the farmer, especially in the Cape, may be 100 miles from the railway and fifty miles from a post office. He must pay the same tax on petrol as the townsman, but may have to use four or five gallons of petrol on a trip merely to fetch his supplies. Obviously if government revenue was based mainly on site values, the farmer would derive very great benefit.

In the Transvaal any consideration of tax must take into account the mining companies, on the prosperity of which the Province so largely depends. At present the

companies pay the assortment of taxes on commodities, like everyone else, plus other taxes, including a special mining tax based on a complicated formula dependent upon the ratio of profit to the production of gold. Since the profit of mining companies is naturally affected by the taxes concealed in the prices of the commodities used in development and production, it is clear that the companies are heavily taxed. Manufacturing companies are similarly affected.

If a few large companies with established cost accounting systems would carry their costing methods a little further, and find out just the extent of the taxation included in their costs, some startling figures would be revealed. A lot of taxation is so concealed that it would never appear; a piece of cloth imported by one company, sold to a clothing manufacturer and made into a shirt, then passing through wholesale and retail stores, obviously accumulates a high tax item in its final retail price. But there are some items more easily analysed; e.g. petrol, which now is merely an item in transport cost, which could however be fairly easily broken down into real basic cost plus tax.

Well publicised factual information of that kind would be most useful. It would strengthen immensely the arguments of South African Georgeists in their attempts to popularise a sound, just and incentive system of taxation which would benefit practically everybody and every section of the community, aside from land speculators.

## Dr. Busey's Proposals: A Critique

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**D**R. BUSEY'S article may have ruffled some of the True Believers. However, his criticism is refreshing because it comes from a "Land Libertarian," a term he prefers—wisely, I believe—to either "Single Taxer" or "Georgeist."

The first of his numbered grievances is "the semi-idolatry of Henry George" which he finds in much of our work. No one, I suppose, would defend the "semi-idolatry" of George—or anyone else. However, our author is not tilting with wind-mills. Some of George's admirers have believed that George *discovered* important truths, although George himself disclaimed the role of the discoverer.

These enthusiasts should recall that George, the most successful propagandist we ever had, never tried to prove a point by citing from *Progress and Poverty* or any other of his books or speeches. Nor did he make the mistake of identifying his programme with the name of any man—least of all his own. If all of us had followed his example, the charge of "semi-idolatry" would never have been made.