

LAND & LIBERTY

MONTHLY JOURNAL FOR LAND VALUE TAXATION AND FREE TRADE

Fifty-ninth Year—Nos. 699 & 700. 4 Great Smith Street, London, S.W.1. Aug. & Sept., 1952. Price 1s.

LAND REFORM IN EGYPT

Representations made to General Neguib in a letter from the
International Union for Land Value Taxation and Free Trade

We venture to draw your attention to a method of dealing with the land question which we think will help you in the task you have undertaken. Any statesman seeking to remove the cause of social unrest must meet with more opposition than one who proposes merely to deal with symptoms, but so much greater is the hope of social regeneration in the country concerned and, by its example, for the people of all countries.

It seems that in Egypt social unrest arises immediately from the contrast between wealth enjoyed by owners of large landed estates and the poverty of landless or almost landless peasants, the former enjoying luxury obtained from the rent paid by the latter. According to reports you propose to correct this by limiting the extent of all holdings to an arbitrary size (200 feddans) the State taking over and eventually buying the surplus area of estates and selling these dissected portions to peasants on easy terms. Latest accounts suggest that the strong opposition of the owners may render some modification inevitable. Much of this opposition emanates no doubt from blind fear and desire for privilege, but we think the method leaves sufficient ground for legitimate complaint to lend privilege more shelter than it deserves. Moreover, the method itself entails practical difficulties which are almost insurmountable. An alternative, simple in principle and operation, could avoid the difficulties and, we think, disarm much of the resistance.

A landed estate comprises two essentially different kinds of value. The value of developments such as buildings, equipment, cultivation and crops, is a tangible value, all produced by human labour and paid for or produced by owner or occupier. But the value of the bare land alone, excluding developments, depends on situation, native fertility or other factors outside the power of owner or occupier as such. This land value (or site value) depends on the presence and activities of the community as a whole; it is an expression of the advantages offered by any site over the least advantageous site in use. Such value can be understood by comparing, for example, the market price of 200 feddans of land in the centre of Cairo with 200 feddans in a remote area without communications or water. Despite any measure to equalise size of estates, the owner of the first would be very rich and of the second very poor. Neither would any such equalizing measure ensure equity in the matter of developments. An owner of 250 feddans

developed to the utmost would lose much by reduction to 200, an owner of 1,000 feddans kept idle would lose nothing; this, even if it were not unjust to deprive any owner of his legitimate property. An arbitrary dissection of estates must necessarily disrupt their operation and by the fall in total production foment discontent. Distribution of the dissected portions also offers grave difficulties. No clear principle of selecting applicants presents itself and the frustration of disappointed applicants, or those receiving disjointed unoperable sections of estates might easily outweigh the satisfaction of those lucky, or perhaps, influential enough to receive economic holdings. Every Egyptian has an equal right to the land of his country. This can be assured only by making the value of land common property. The attempt to employ other methods involves a host of arbitrary decisions which must foster corruption, and entail vast expenses of administration.

We would not venture to criticise so frankly if we had not an alternative to offer and if we were not deeply interested in the success of your reforms. Experience in Denmark, New Zealand and other countries shows that it is practicable to assess the land or site value of any parcel of land apart from the value of the developments. When this has been done the authority concerned can oblige the owner to pay this land value as an annual rent to the Treasury. Owners then would find it unprofitable either to keep their land out of its fullest use or to engross more land than they could themselves use. The demand for tenants and labourers of *all* kinds would increase; rents would fall, wages would rise and in the general prosperity unrest would be allayed. Estates no doubt would become reduced in size, but the process would be gradual and the pressure indirect. No landowner would complain that he had been dispossessed or deprived of his capital. Arbitrary decisions would not be necessary and instead of requiring large expenditure, land reform would yield revenues which would displace taxation now borne by working people.

As the members of this Union are drawn from many different countries and our aim is to reform laws of land tenure and taxation, not to interfere with any particular form of government, we trust that you will examine these proposals with the assurance that this letter is sent without any object other than to advise you to the best of our knowledge and conviction how you may bring the opportunity for happiness to the great mass of your countrymen.