

SOUTH AFRICA AS SHE MIGHT BE

The Hon. F. A. W. Lucas, K.C., having retired as a Judge of the Supreme Court, has resumed his active interest in the advocacy of Land Value Taxation as the solution of South Africa's ills, the cause to which over the years he has rendered an exceptional service. Leaving the Bench, he was soon on the platform. He addressed the Boksburg Rotary Club, the *Rand Daily Mail*, September 9, giving a long report. The high cost of living was due primarily to the fantastic value of farm land, the control board system, the absence of a land value tax, and high customs charges. The Government was largely to blame. Ministers kept saying that the trouble was due to overseas prices; they could do nothing to keep down or reduce the cost of living. But when one considered that the customs and excise (now topping £40,000,000 which with merchants' profits were raised to 50 or 60 millions) were on a percentage basis, one could see that if an imported article was doubled in price so also was the customs duty. As for the control boards for farm products, they were deliberately set up to raise prices. Again, anything constructive that a government did and every invention was a gift to the landowner for which there was no return; he grew rich and the taxpayer paid for it. Only the other day the Minister of Public Health, Dr. Bremer, had said that as the result of a successful anti-malarial campaign, the value of land where malaria had been prevalent had risen by £50,000,000; the taxpayer paid; the landowner, without contributing, reaped an enormous gain. The solution to all this was of course land value taxation.

The address led to considerable discussion in the press. The *Rand Daily Mail* obtained the opinions of Johannesburg real estate agents, who disagreed with Mr. Lucas that increased land prices were the primary cause of increased cost of living—"land values had only risen with the upward trend of prices for commodities," a remark that was not at all an answer. But interestingly, there came the admission (British real estate agents please note) that a tax on undeveloped land would compel owners to take steps to make it productive, or at least to effect improvements which would prevent the land from deteriorating; and they followed this by saying it would be good policy for the Government to allow landowners a tax-rebate equal to the amount spent in developing the productivity of their land. So "seeing through a glass darkly" they unconsciously lisped the taxation of land values and the untaxing of improvements. Mr. Lucas's rejoinder was to point out what the term "land" really means. When the estate agents sell a plot of land they are not selling so many loads of soil, but permission to live or work and earn a living. The higher the price they can get for that permission, the higher becomes the cost of living. Farm land has rocketed in price because of the enormous rate of profit the control boards allow on the sale of farm produce. That profit is allowed for by landowners when anyone wants to buy or hire his land; and the new buyer, having paid to the seller the value of those benefits, finds it hard to make a living even with the high price the consumer has to pay for his products.

The controversy was taken up also in the Johannesburg *Sunday Times* where a prominent "building authority" (really giving the show away) pled for the "control of land prices." He instanced Johannesburg site values which, because the city and its services had expanded, had brought owners returns to which they were not, and

could not even regard themselves as being, entitled. Convincingly he put arguments showing what disasters to society attended land speculation. Yet he rested with this suggestion: "High prices for land on which people wish to dwell, and the startling nature of the increases which have taken place in the last few years, constitute grounds for a major charge of incompetence against the Government and local authorities for not having controlled land prices." To this Mr. Lucas replied that the suggested remedy of controlling the price of land was not practicable. Real land values cannot be kept static. They cannot, in a growing community be prevented from increasing, any more than the normal growth of a child can be healthfully prevented. The value of land is not made by its owner but by the presence and activities of the people, by constructive work by public bodies, and through inventions. Such value is a publicly-created value and should by every canon of right and justice, belong to the community. The complete and satisfactory remedy for speculative land prices is to take for the public that value. Every landowner, in town and in country, should be required to pay to the State a land duty based not on the size of his holding but on its value. If the duty were equal to the full value of the land in the Union, the proceeds would be sufficient to make it possible to abolish all taxation. If it were less than the full value, its proceeds would still go in reduction of taxation. The effect of the duty would be to help to destroy the speculative value in land, to reduce prices and to increase the production of everything. With the imposition of a substantial land duty we can solve all our economic and social problems. Without it none of them can be properly solved.

Engaged also in this controversy, with letters in the *Rand Daily Mail*, the *Sunday Times* and *Forward*, and supporting Mr. Lucas, were Messrs. Mather Smith, Robert Lawrence McKibbin, Bernard Cohen and C. J. de Clerk. "Outside my window," Mr. Mather Smith wrote in one of his letters, "the birds are twittering as they build their nests, but would they twitter so happily if the younger birds had to buy a bit of tree from the older birds before they could start to build? Yet that is just what is happening to the young human beings under our unnatural land laws." And so he pointed the lesson. Mr. de Clerk, writing as a Moslem in answer to a hostile correspondent (C. V. H.) who had moralised on Christian precepts, hoped he would read the works of the sincere Christian philosopher-economist Henry George and also the booklet *South Africa as She Might Be* by Mr. Lucas. "Those on whose behalf C. V. H. displays laudable concern have probably paid absentee landlords, who reap where they have not sown, for the so-called security. In many cases it will be found they are paying landlords who are in their graves. Sooner or later South Africa will be forced to accept the teachings of Henry George as the basis of a practical economic system. In the meantime, the misery created by the unnatural land system will continue."

The Operation of Land-Value Rating in Various Countries.
Being Paper No. 15 presented at the Seventh International Conference (1949) of the International Union of Land Value Taxation and Free Trade. 1s.

South Africa as She Might Be. By F. A. W. Lucas, K.C.
Obtainable through our offices at the special price of 2s.