SOUTH AFRICA AS SHE MIGHT BE:

WORK, FOOD, FREEDOM, FOR ALL — ALWAYS

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Foreword

IN this book I have tried to show clearly the steps I believe we must take in order to have a South Africa where our different peoples can live at peace with one another and enjoy a reasonable degree of prosperity in which everyone can share. It will not be a Utopia nor shall we have reached the millenium in it. It will, however, be a country where there will be work, food, freedom, for all — always. That I consider to be our minimum demand if we are to have a "Better South Africa."

I have set out to show that that is attainable if we are prepared to take the right course. The steps on that course are all practicable and they are fair to everybody. There is no proposal that I am making that could not be easily put into effect by a Parliamentary majority which wished to do it. We can have our Better South Africa on a basis of justice for all but on no other. I am convinced that a measure can be economically sound only if it is also ethically sound. What is proposed will satisfy that test.

We must solve the problem of poverty and of frustration. Any proposal to find lasting favour must make it possible for every individual to develop and use to the full his natural abilities and training and skill. It must reconcile the interests of all sections, however much they now appear to conflict.

In the space of a small book it is clearly impossible to deal in detail with all the questions which face our country. One can do little more than list the chief problems before us and indicate briefly the effect upon them of the application of the means proposed. One thing that can be claimed is that none of the measures which may now be considered desirable for improving our standard of living and social welfare and productive powers will be any less possible of application, so far as they may be necessary, after the proposed remedy has been adopted, than they are now.

How the more important of our many economic problems can be brought into line with a better future for our country is treated in separate sections. Though they cannot, I believe, be solved under our present economic system, they can all be successfully solved if we end the power which that system gives to a few people to exploit their fellows.

The outlining of the means to that end is the purpose of this book. To adopt that means will not involve violent revolutionary action. It is not Communism or Nazism or any form of totalitarianism. It does not require or permit regimentation of our daily lives. It will take the monopoly out of "Capitalism" and make it harmless. It will end exploitation, overseas or local. It will in fact give us a far greater degree of individual liberty and scope for individual initiative and enterprise than we have under our present laws.

Many people confuse the means with the end. The means proposed is nothing more than a means but it is one that must be adopted before we can hope to advance to any desirable end. It is merely an application of justice to all.

A principle of our Roman-Dutch law is that no one should be enriched at the expense of another person. We have departed very far from that principle. I have tried to show how we can get back to it and attain the Better South Africa we have been promised so often and want so ardently.

Johannesburg,
January, 1945.

PART I. — THE AIM

Chapter 1. — INTRODUCTION.

Our people are constantly trying to alleviate poverty, but never to end it. We have promised our soldiers a "Better South Africa." We now have to consider how to fulfil that promise. If we fail to do so there will be grave danger of serious trouble.

Putting plasters on our economic sores will not heal them nor save us from the wrath of disappointed men and women who were willing to risk their lives and their livelihood for us. Unless we make a better world for them here, their faith in democracy may well be undermined and they may easily fall victims to the Nazi teaching that a dictatorship is needed to put things right.

The great problem we have to face is that of unemployment and want. All other issues are insignificant in comparison with that. It has to be solved. We must find out why it exists when, with our natural resources and our skill and inventiveness and mechanical aids, there should be more than enough of all we need for every one of us.

If we look back, the existence of want in such circumstances becomes even harder to understand. Professor Thorold Rogers has shown that in the 14th and 15th centuries there was work for everyone in England and artisans and peasants could earn enough in ten to fifteen weeks to keep themselves and their families for a year. We with our immense advance in capacity to produce should be far better off than they. Though our standard of living is higher than theirs, yet, relatively to our capacity, we are much worse off. To-day many of us cannot get jobs and when we do we certainly cannot make enough in ten to fifteen weeks to maintain our families for a year. It is difficult enough to do that with a year's work.

We are given many reasons why we have poverty. Different political parties tell us that it is because we are not a republic or that it is due to the British connection or Imperialism or Jewish intrigue or capitalism or the banks or encroachment by the coloured races on the living standard of the whites. Those things do not account for poverty.

Among the palliatives that have been suggested are the "Soldiers' Charter" and Social Security schemes. There is nothing new in them. They merely represent a redistribution of our existing national income. As that is too small to meet the needs of all our people a mere redistribution of it cannot make it sufficient. The existing allocation of that income is undoubtedly unjust. What we need is to increase it until it is sufficient for us all and to make it possible for each of us to share in it so as to have all we need. We can have enough but only if we go about it in the right way. It will not fall down ready-made out of the sky.

The problem we have to face is that of the production of enough food for everyone. In producing it we shall attain to work for all. The simple issue is one of food first. If we make it possible for everyone to get enough to eat the rest of our troubles will be easily met and disposed of. We cannot produce food without work and we cannot pay for it without work.

None of us, whether in our business or in our household duties, would hesitate when something went wrong to look for the cause of the trouble and try to put it right. But in our political affairs we look only to palliatives and ignore causes. We are like a householder who, on returning home and finding a tap open and his house flooded, gets mops to wipe up the flood and

leaves the tap still running. In our ordinary everyday affairs we should think such a person fit only for a mental home. But that is just what in our public economic affairs we are doing every day. We leave the tap of poverty full open and then use palliatives, such as subsidised feeding and housing and social security schemes and charities, to mop up a little of the ever-growing mess.

The nature of the problem of why we have poverty and of how to have a sufficiency for all is not a difficult one to state or to solve. We need no long words or highbrow phrases to deal with it. We have simply to find out why we have poverty, how it can be destroyed, and what may then be possible and desirable.

As our problem is one of bread and butter and we are all interested in that, it offers the one issue on which we all should be able to unite, whatever differences may divide us on other questions.

If we did so unite we could agree to differ on every other issue. In this way we could have a Parliament with a Government pledged to carry through the measures necessary to end unemployment and want, while every member would be free to vote as he felt right on every other subject. In that way we should end the tyranny of the party system and the caucus.

Chapter 2. — OUR PRESENT CONDITION

It has been the fashion to speak of South Africa as a prosperous country. It is in fact a country whose people are mostly poor. Those who know the extent of the dire poverty in which the majority of our people live and who have tried to awaken public opinion to that fact have been ignored.

In 1932, the Carnegie Commission on the "Poor White Problem in South Africa" presented a picture of an almost unbelievable degree of poverty and misery in which at least one-sixth of the white population of the country lived.

In 1938, the Public Health Department examined approximately one-third of the European children from six to sixteen years of age. It was then found that 40 per cent. of the boys and 32 per cent. of the girls required medical supervision or treatment. In a poor district in Cape Town 52 per cent. were malnourished. The Nutrition Council has told us that malnutrition is so serious in South Africa that no expenditure should be spared to eliminate it. Its effects are calamitous to the country.

A social survey among the coloured people in Cape Town was made in 1941 by the Department of Social Science of the University of that city. The survey adopted a "Poverty Datum Line" which was described as "an estimate of the income needed by any individual household if it is to attain a defined minimum level of health and decency." The standard taken was a well established conventional one which "does not allow a penny for amusements, for sport, for medicine, for education, for saving, for hire purchase, for holidays, for odd bus rides, for newspapers, stationery, tobacco, sweets, hobbies, gifts, pocket money or comforts or luxuries of any kind. It does not allow a penny for replacement of blankets, furniture or crockery. It is not even a 'human' standard of living. It thus admirably fulfils its purpose of stating the barest minimum upon which subsistence and health can theoretically be achieved under Western conditionss. It does not in any sense describe even a minimum *ideal*."

Despite that very low standard, the survey showed that about 53 per cent. of the coloured households in Cape Town were below the Poverty Datum Line. The report said: *"We are in any case justified in asserting that of every ten coloured households in Cape Town five to six were below that line."*

Of 841 coloured children examined in Natal 57 per cent. were found to be malnourished. Gross malnutrition is rife among Indian children there.

A careful investigation of 7,000 Bantu children at nine centres showed that 71 per cent. of the boys and 66 per cent. of the girls were malnourished. In the Annual Report of the Department of Public Health for the Union for 1934 the following statement was made: "To attribute most of the deaths among natives to starvation may appear startling and yet there can be no doubt that this is literally true."

It would be possible to go on citing more facts of the same nature but enough has been set out to show how among all the races in South Africa there is widespread, grinding poverty.

Our national income, which is all we have to live on, is insufficient to meet our needs. Of that income a very small amount represents food. As Mr. Rees Davies showed in an article in "Trek" in February, 1942, our total production of food including what we export falls very far short of our needs. We just have not got and do not produce enough food to feed our people properly. In such circumstances it is naturally the poor who must go short. Hence the malnutrition position reflected in the preceding paragraphs.

We have, too, a terrifying shortage of housing and our slums have been described by competent observers as among the worst in the world.

The war will do nothing to lessen such poverty. On the contrary, it will undoubtedly increase it. Our politicians and our planners are at their wits' end to know what to do to provide adequately for our soldiers and for our munition workers when their services will no longer be required. The problem their needs will present will aggravate the difficulty with which our widespread poverty confronts us.

It is, therefore, clear that we are faced with a problem of dire poverty. If we do not solve it the rising temper of the masses everywhere may well lead to outbursts of violence and destruction. We have promised our soldiers we shall look after them. They, like the rest of the people, are being deeply affected by the obvious success of the Russians in looking after the interests of the masses and in abolishing exploitation by vested interests. If we allow those interests to stand in the way of our fulfilling our promise to the soldiers it is hardly to be expected that they and other workers will calmly accept the poverty which was their lot before the war and do nothing to end it.

During the war there have been numerous strikes and threats of strikes. In some instances these have led to bloodshed. Actual unemployment has been very much less during the war than before it but the fear of unemployment after it is widespread.

Because of the rise in the price of the necessaries of life, the struggle to exist has been made more difficult for tens of thousands of workers. The increased demand for food and clothing and houses, as a consequence of factors due to the war, has brought about a grave shortage of them. Cost of living allowances have helped some people to meet the increased cost but they do nothing to mitigate the shortage.

The increased amount of employment due to the war has not taken place in the production of those necessaries. It has occurred in the making of munitions of war and other things we cannot eat. When the manufacture of them ceases we shall be back in the unemployment of the pre-war period. We shall have insufficient work and insufficient food for very many of our people

Fear of unemployment and want has fostered and encouraged racial and national animosities and anti-Semitism. It has embittered our political life.

Our people are ignorant of the cause of their troubles. As a result they are misled by specious and plausible statements about imperialism and republicanism. For the same reason we have conflicts of interest between town and country and between one Province and another.

For many years, our people, when faced with difficulties, have been accustomed to look to the Government for help, consequently a large part

of our population has now lost its self-reliance. But Government has followed Government and things have not come right. A dole has been given to this group and a subsidy to that one and their members silenced in this way for a time, but the evil has continued unchecked. None of our Governments has ever seriously tried to find a remedy. This dependence on the Government naturally plays into the hands of bureaucratic leaders.

Many of our prominent men warn us of the dangers of a serious depression after the war. Henry George showed, in "Progress and Poverty," that speculation in land values is a primary cause of industrial depressions. Since the outbreak of war such speculation has been widespread in the Union. Cabinet Ministers, the Land Bank, economists and estate agents have all warned the public against it. Sales of land have taken place in which over 90 per cent. of the price has been allowed to remain on bond. The prices paid for land have been so high that it can seldom be worked profitably even with prices of produce at their war level. There is thus ample reason to fear a serious economic depression in the near future.

Another danger which faces us in South Africa arises from our economic dependence on gold mining. Should at any time any important proportion of the peoples of the world decide that they will no longer base their monetary systems on gold, we should be faced with chaos. We have established a certain standard of living for our white population which is based on a large scale working of the gold mines. Their output represents one-quarter of our national income. If we were suddenly to lose that quarter we should be in a very bad way.

It will be a pity if we have to wait for disaster in one of those ways to come upon us before we take the step necessary to avert it.

The war made necessary a considerable curtailment of our liberties and an extension of Government by regulations. After five years of the exercise of the power to control our daily lives it will not be easy for Ministers and officials to get back to any real measure of democracy. Those who have once wielded power seldom surrender it without a struggle. It will be necessary for us to put up a stern fight to gain the right to work and the right to be free men and women.

Those are facts which must be dealt with if we are to achieve our aim. They show the seriousness of the problem that faces us.

Chapter 3. — WHAT WE NEED

For our Better South Africa we must, before anything else, bring about a state of affairs in which there will be enough of the necessaries of life for everyone. This will involve work for everyone, so that each one of us will be able, with the goods he produces or the services he gives, to pay for and receive the goods or service he wants from others. As, however, a prisoner in our gaols has work and gets enough to eat, we want something more than just that. We must have freedom, too. All should be in a position to enjoy a full and complete life.

We must also have an adequate public revenue to provide the public services and amenities which may from time to time be considered necessary or desirable.

If our plan is to be worthwhile it must give us real social security, real plenty, real peace, or, in a phrase, "Work, Food, Freedom, for all, always."

Nothing less will do. With our intelligence and ingenuity we ought to be able to attain that object.

In South Africa we have strong racial, national, and religious feelings which must be respected in any measure designed to achieve our aim. If the only solution for our problem involves measures which might lead to miscegenation, the white peoples of the Union would resist them and choose rather to continue in their poverty.

Our aim, then, if it is to be attained, must respect the feelings of the whites for social separation from the coloured races. At the same time it must be just and not give to any individuals or sections the power to exploit other members of the community. It must hold the balance fairly between men and women, whites and blacks, Gentiles and Jews, employers and employees, wage earners and professional men, town and country, industry and trade. It must give to everyone scope to use and develop his abilities and skill, mental and physical.

Though the problem stated in that way sounds formidable it is capable of solution without any revolution in our daily habits of life, without any regimentation, and without the loss of a single day's work. We can never hope to solve the problems presented to us in our daily lives if we ignore the elementary principles of justice and reason, just as we cannot solve a mathematical problem if we ignore the fact that two and two make four.

Unfortunately, in the political and economic sphere we have got into the habit of thinking that, because the problems we are faced with are complicated, the solution must be difficult and involved. We tend to think that a proposed remedy which is not itself complicated can be of no value.

As a result of some mistake somewhere we have an economic system which brings about injustice and in which men cannot employ themselves and there are not enough jobs to go round. This results in bitter competition for jobs. We have to fight where we should be able to co-operate. We need to end that competition.

Reduced to its simplest form our aim should be to get justice not charity; to produce sufficient for all of the necessaries of life; and to see that all have the opportunity to work to get enough of them. It should be to bring to all freedom from want and insecurity. From that would flow real poltical freedom and every other kind of freedom.

PART II. — THE MEANS

Chapter 4. — WHY IS THERE POVERTY?

It is pleasant to dream of what we should like to achieve. We all say we should like to see everybody adequately fed and clothed and housed. Merely wishing for fine things is easy. It is quite a different matter to find out how to attain them and to do what is necessary to that end. Anyone who makes a proposal to bring about a Better South Africa should be asked how it is to be carried out and pressed for an answer. The soundness of the methods he suggests should be carefully and critically examined. Fine phrases and beautiful ideals are not enough. Practical measures for attaining what is proposed are necessary.

We must have food to live. If we cannot get it nothing else interests us. It is the basic need in our lives. Clothing and shelter are also necessary but they are secondary. We can do a great deal of improvising in respect of them, but food in certain minimum quantities we must have or we die.

We can obtain food and raw materials for clothing and houses in two ways only, either by the production of them in our own country or by

importing them from other countries in exchange for other goods we can export. In either case we depend upon productive work of some kind.

The primary industries which are the basis of all kinds of employment in country and town are farming, fishing, building, and mining. To the extent that they are restricted so the number of jobs or openings for the rest of us, whatever our occupation, is also restricted.

Thus the farmer needs planters, ploughs, harrows, and various other implements and machines. These are either imported, in which case they require dock labourers, shipping agents, railway workers, and merchants and their assistants to handle them, or they are manufactured locally, in which case they call for the production of iron ore, coal, lime and so on, all to be worked up into steel. Then they have to be distributed, probably through wholesale merchants, by railway workers and lorry drivers. Artisans are necessary to keep the implements and machines in working order and farm managers and labourers to use them for preparing the soil and reaping the crops. When the farmer has produced his crop he has to arrange for its disposal. This calls for importers of bags to bag it and for the services of the railway-workers to transport it and the officials of his co-operative society or grainbrokers and their staff to sell it. Then the miller and his employees must grind and process his grain. With the proceeds realised by the farmer, which he banks with the aid of trained bank officials, he goes on to buy what he needs or wishes to have for himself and his family. Factory workers or tailors or dressmakers and milliners are needed to make their clothes. They require the services of doctors and ministers of religion and so on. They will need groceries and other goods from shops. They will require the services of the producers of those things and of shop assistants to distribute them. The farmer's children will need schools and teachers.

The same relationship of the general body of the workers to primary industry exists in respect of mining and building.

In so far, then, as we do anything to reduce the number of persons usefully engaged in farming or mining we shall proportionately reduce the opportunities for employment in such other dependent occupations. Cutting down the number of farmers or miners means, therefore, cutting down the number of teachers, or doctors, and so on. On the other hand, an increase in the number of farmers and miners would mean additional openings for a correspondingly larger number of all classes of other workers.

The basis on which our whole economic structure rests is thus production in our primary industries.

If, then, we wish to end unemployment with its accompanying fear of want and insecurity we must increase the opportunities to produce food or the raw materials which we can exchange for food, or from which we can make the other necessaries of life.

The next step, then, is to find out why we do not produce enough food and raw materials.

There is only one field from which we can get them and that is from our natural resources. It is through ignoring or overlooking that simple but incontrovertible fact that all our major economic and many of our social troubles have arisen. There is nowhere from which we can obtain food other than from the fertility of the soil or the fish of the sea. We can try as we will to synthesise foods but their ingredients all come from the land. They are the gifts of nature. From them human beings have lived and must through all succeeding generations continue to live. We are all land animals. We depend upon the land for every material thing we need all our lives. We are on the land every minute of our lives from our birth to our death.

Therefore, to get the food we need and the raw materials necessary to provide clothing and shelter and any other desirable material things, we must cultivate crops and mine the metals and minerals we need on or under the surface of the land.

The word *"land"* is used as a comprehensive term to cover "all the material universe outside of man and his products." Thus it includes everything that is provided by nature — air, sea, rivers, sunshine, rain, the fertility of the soil and its mineral contents. None of those things can be used or enjoyed except on or from the land.

The next question that arises is: Are our natural resources sufficient to enable our peoples to produce enough food and raw materials to provide adequately for the needs of everyone of us? To anyone who knows our country there should be no doubt that they are sufficient. The Industrial and Agricultural Requirements Commission investigated this matter recently and reported that we could increase considerably our output of farm products, that our mineral resources were "impressive," and that we had barely touched the fringe of our fishing resources, while of building materials there was an abundance. We have, therefore, adequate natural resources from which to produce what we need.

We have also the man-power with which to work and develop those resources. Our failure to train many of our white workers and our natives has made the number of skilled workers less than it ought to have been; but there is in our untrained whites and in our natives much natural ability ready to our hands, to be trained to use our resources. Even in peace-time we waste through unemployment many of the available skilled workers.

Though we have the natural resources and the workers we, nevertheless, do not produce what we need. There is "massive poverty" in our midst. Though in peace-time we produced less than we needed we were by law compelled to export foodstuffs so as to keep up prices locally. The policy was to create artificial scarcity for that purpose. Thus we had to pay 3½d. to 4d. a pound for sugar to cover the loss of the producers on what they exported to England where it was sold at 2½d. a pound. We had to pay 1s. 8d. a pound for butter to cover the loss on what was exported to England and sold there at 11d. The producer was unable to sell here what we produced as the people who needed it were too poor to buy it.

As we have both the natural resources and the workers wanting to work them the next question is: why in the presence of the bounty of nature should there be poverty and want?

The only possible answer is that some obstacle stands between the would-be workers and our natural resources. That obstacle is the power which our law gives to landowners to keep land out of use and to demand payment, either in a purchase price or in rent, for the right to use it.

When a man wishes to have the right to use land either to farm or to mine or to build he has to buy that right from a landowner who may not himself be using or need the land. The price the landowner can charge is not limited by any other consideration than his own inclination. He is not compelled to sell. He is permitted to demand the highest price he can squeeze from the would-be user. If the highest price which the latter feels he can afford is not as much as the owner wants he will not sell and the land will remain unused. The would-be purchaser will be unemployed and so will the other people whose services he would have required had he been able to get the land and use it.

Thus the power to hold land out of use and to demand a monopoly price for it is the cause of unemployment and want.

Chapter 5. — THE REMEDY

As, then, land monopoly, which confers the power to hold land out of use and to demand a ransom price for the opportunity to use it, is the cause of unemployment and poverty we have to find the remedy by which we can remove it.

To do that we must make the right to use the natural resources of the land available on equal terms to everybody. We must all be treated as equal heirs to the bounty of nature.

It is not necessary for us all to have nor do we all want an equal area of land.

The farmer needs a much greater extent of land for his work than does a shopkeeper or a doctor. We cannot all have the most valuable sites in a town or the best farms. We can, however, all enjoy equal rights in the most valuable and productive land as well as in all other land in the same way as a number of heirs can enjoy an estate in equal shares.

If a testator leaves a house in equal shares to his children and they are unwilling or find it inconvenient all to live together in it, they can achieve equal rights in it by letting it at its proper rent to one of their number and then dividing the rent equally among them all. The house will still belong to all of them and each will benefit equally from it.

A similar method applied to the land of our country would give us all an equal right to it, as if we were joint and equal heirs. The person who possessed the most valuable business site in a town or the best farm in a district would, by paying what it is worth, yearly to a central fund for the community, be enabling everyone else to share equally with him in its value. Similarly, if anyone who had a less valuable site or farm were required also to pay its yearly value into that fund he and everyone else would enjoy his equal share in the value.

In that way we should break land monopoly because then no one would have any advantage, merely as a holder of land, over any one else. Valuable land would be subject to the payment of a higher sum than poor land. The difference would represent the difference in the opportunity to make an income on the various types and qualities of land. Equal rights and opportunity for everyone would be obtained without any need for an equal division of the land.

The value of land, excluding from it the value of any improvements on or in the land, is a creation of the community. It is never made by the owner or due to any effort of his. Whether he lives or works on it or whether he lives overseas and has never seen it makes no difference to its value. It is the presence of the people and their activities as a community that give land its value. The provision of a train or tram service makes the land in the area it serves more valuable. If the service were discontinued the value would fall. Similarly with any other public service or amenity and with any invention which helps trade or industry or makes life more pleasant. It is, therefore, the presence and the activities of the people that create and that maintain the value of land.

Justice and common sense alike demand that the value attaching to any land should, therefore, belong to the community that creates it.

Unless we are prepared to assert that only some of us have a right to live and that the rest must live on sufferance, we cannot escape the conclusion that everyone has and must be guaranteed an equal right to use and enjoy the natural resources of the land.

As we cannot without that right have an equal right to live it follows that a landowner who has the exclusive possession of a portion of land is thereby depriving the rest of us of our equal right to live. But, because we must have security of tenure for the land we wish to use, such exclusive possession must be allowed.

That possession, therefore, imposes on the landowner an obligation to pay into the joint fund of the community what it is worth.

The sense of that obligation is brought out by calling the payment a "land duty." That phrase is used in Denmark to express a similar idea. It will be used in the following chapters to represent the annual payment to be collected from a landowner in respect of the privilege he enjoys of having the exclusive possession of a portion of what is the joint inheritance of all of us.

As land values change with the movement or activities of the population, the land duty will likewise change. It will have to be revised from time to time to obtain for the community the full value of the land when that rises or to protect landholders when, through causes for which they are not responsible, it falls.

Chapter 6. — THE EFFECT OF THE REMEDY

Because everyone would have to pay to the State by way of land duty the full value of the land he occupied, no one would be able to hold any land he did not use. He would gain nothing by holding it out of use. It would bring in nothing and he would every year have to pay out all it was worth. If it became more valuable as the years went by that would bring no gain to him as he would have to pay over its new value. Holding it out of use would be a dead loss to him. Consequently, everyone would hold only the land he could use but no more. By requiring him to pay the land duty we should not take away his land but we should make it too expensive for him to hold any he did not use. Only land speculators would have to surrender any land. No one who worked or used his land would have to give up any of it.

There would then be no shortage of land but enough for everyone to carry on the work he wished to do. There would be scope and opportunity for everyone to employ himself or obtain, by fair bargaining, employment with someone else. When we realise that we were born with two hands to work to feed ourselves we see how natural it is that we should be able to employ ourselves. With land accessible to anyone without any purchase price there would be the opportunity for each of us to use our hands to get the food we need. There would then be work for all.

With no unemployment there would be no anxiety about the future and the tendency which is always present now for wages to be depressed would disappear. As the workers would be able to stand on their own feet and could bargain freely for suitable wages and conditions of employment, wages would before long tend to reach their true, natural level, that is, the full value of the worker's work. Thus one effect of the change would be an end of exploitation. Instead of, as to-day, the worker having to be protected by industrial legislation against oppression he would be strong enough to take care of himself. He would be free from anxiety and able to look the world in the face.

The only limit to production would be the degree of richness of our natural resources and our skill and capacity for making use of them and developing the products obtained from them.

The effects of there being work for all would keep on spreading like the ripples on a lake. A great increase in our national income and in the market for farming and for industrial products would follow. Purchasing power

is obtained, apart from some special privilege, only by our producing goods or rendering services. An increase in the number of jobs would, therefore, bring about an increase in our purchasing power. Then the greater our output of desirable goods or services the greater would be the opportunities of others to dispose of their goods or services.

As each worker would help to enrich all of us by increasing the national income, we should benefit by the entry of immigrants into our country. To-day we are afraid they will take away our jobs. But with more jobs available than workers we should gain by their coming.

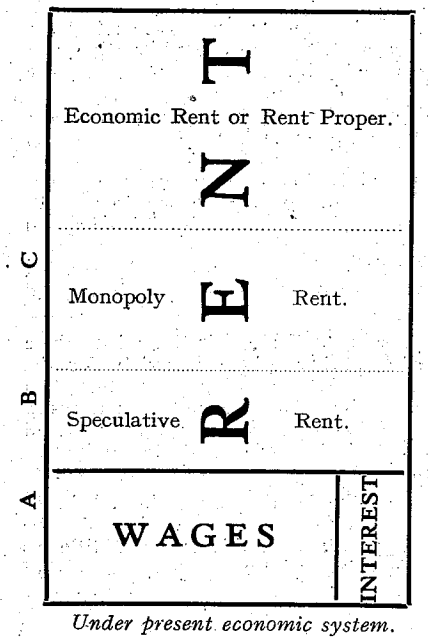
As farming land would become easily available many men in the towns who have been driven off the land and many who have always wanted to farm would be able to do so. Similarly many of our miners would like to take up small mining propositions which they are to-day prevented from doing by the high price demanded for the land. They would as a result of the remedy be free to leave their employment to go mining on their own behalf. The effect of these men leaving the towns or mines would be immediately to reduce the number of workers there. This would greatly strengthen the bargaining power of those who remained. But that is not all. Those who left the towns to become farmers or miners would require produce or services from the townspeople and in that way the number of jobs available for them would be further increased. The workers in the towns would thus benefit in two ways — by reduced competition for jobs and by an increase in the number of jobs.

The effect on our system of taxation would also be remarkable. All taxation is destructive. When windows were taxed in Britain householders bricked up windows to save the tax. Taxation seldom bears any relation to the services rendered by the State to the payer. It tends further to undermine his integrity by tempting him to defraud the revenue. Taxation also increases the cost of living. It thus raises the cost structure of the country and so hampers industry. The remedy we are considering would yield a revenue sufficient to enable us to abolish all taxation. In this way we would reduce our cost of living and so help to lessen our cost structure. That in turn would make it possible for us to expand our industries and enable us to supply the export market with goods at prices that would be attractive to overseas customers.

The liability of the landowner to pay the duty would destroy both the speculative and the monopoly values of land and leave only its true value. The diagrams on the next page, prepared by C. Le Baron Goeller of New York, show the change that would be brought about in the distribution of wealth. The whole of each figure represents the total national income — the wealth produced. No. 1 shows the present distribution of it, and No. 2 what would be the distribution under the proposed change. At present that portion which is claimed as "rent" and which is swollen by monopoly and speculation goes to the land monopolist. The workers and the owners of capital get a small share and must pay in taxes most of the cost of government. Under the proposed system "rent" would be much smaller and would go entirely to the State to pay for the cost of government. The share of the workers and the owners of capital would be much larger than before and would be free of taxes.

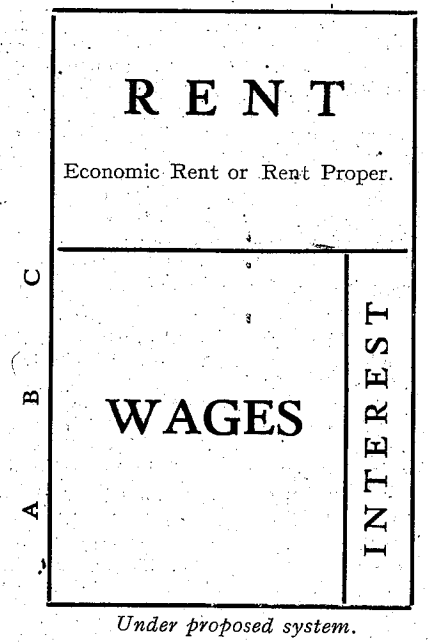
The total revenue of the State, Provincial Councils, and Local Authorities, excluding their trading concerns, was before the war about £50,000,000 to £60,000,000 a year.

The statistical evidence on which we can make a calculation of the annual rental value of our land is very meagre. There are, however, some figures available from which we can arrive at estimates which are sufficiently near to the truth for the purpose of showing the revenue we might expect to receive from the land duty.



Under present economic system.

No. 1



Under proposed system.

No. 2

("Rent" in these diagrams means rent of land only excluding all buildings or other improvements on it.)

We have, in several Provinces, the valuation in the towns of the sites, separate from the improvements on them. On the Reef, rates are levied on site value only. The Municipal valuation of sites in Johannesburg, in 1943, was, in round figures, £60,000,000. The amount received in rates on land values was about £1,500,000. The Rents Act allows, in the computation of a fair rent, 6 per cent. on the Municipal value of land plus what is paid in rates. That percentage would give us about £3,500,000 which with the rates would make the revenue from the land duty in Johannesburg about £5,000,000 yearly. On that basis it would not be unreasonable to assume that the land duty in all the urban areas together would yield £25,000,000 a year.

The State now receives yearly from the gold mines about £27,000,000, of which nearly one-quarter comes from mining leases or State ownership. The amount received by the State under mining leases is far less than the real value of the right to mine the land leased. This is shown by the high prices of shares in Companies holding mining leases. Most of the present revenue from mining is derived from taxation of mining profits. Except for an insignificant sum from claim licences the tax on mining is a tax on work done. The land duty would be payable in respect of all mining land whether it was being worked or not. As cur as yet undeveloped mineral values are "impressive" and we ought to receive much more than we do from the leased gold mines we may reasonably assume a revenue from the duty on mining of all kinds of £70,000,000 a year.

The value of farm land, including improvements, was estimated by the Committee on Reconstruction of Agriculture at £330,000,000. If we take £200,000,000 of that as the value of land we may reckon on the land duty yielding a revenue of £10,000,000 a year.

The total from these three sources would thus be over £100,000,000 a year. If of that we estimate 30 per cent. as a monopoly and speculative rent we shall be left with £70,000,000 against a peace-time expenditure of between £50,000,000 and £60,000,000 a year.

The expenditure for the same public services as we now get, because of the reduced cost of living, would really be less under the proposed system than it is now.

The revenue from the duty would rapidly increase because every new public service would bring in, in a short period, enough to pay for itself, after which the revenue from it would be available for maintaining it and for providing new services.

The health of the people would improve as a result of there being enough food for everyone and this in turn would mean greater efficiency and a greater output of goods.

The benefit to all workers would thus be twofold. Firstly, all of them would gain by being freed from any feeling of insecurity or anxiety for the future and the great majority would, because of there being more jobs than workers, receive higher wages or earn higher incomes. Secondly, as a result of the abolition of taxation their cost of living would fall and their pound become worth much more than it is now. This in itself would be equivalent to a very large increase in wages or earnings.

The liability of the landowner to pay the land duty would not interfere with the security of his title any more than does his liability in the towns to pay assessment rates. He would still have his freehold title as he has to-day. He would have absolute security to enjoy the full benefit of his work and everything he produced.

Chapter 7. — HOW TO BEGIN

No complicated legislation will be necessary to introduce the remedy. Changes would take place but they would not happen overnight or all at once. We should have time to adapt ourselves to them.

The first step of the new Government elected to carry out the proposed plan would be to announce in unequivocal terms that a law would immediately be passed laying down the principle that the value of all land belongs to the people and requiring everyone to pay each year to the State a duty for all the land he holds. That duty would be the full annual or rental value of the land, exclusive of any improvements on it.

If the registered owner of land had let it he himself would have to pay the duty. He would then, naturally, recover it from his tenant; but he would not be able to make the tenant pay more for the land than the amount of the land duty — he would be merely a collector for the State.

To ascertain the duty payable in respect of each plot or portion of land it would be necessary to set up a Valuation Board. At first the assessment would be a rough and ready one but in the course of time a considerable measure of accuracy would be possible. Very little harm would be done as a result of initial errors in the assessment. If the discrepancy were large and amounted to substantial injustice it could be adjusted by a refund of the over-payment or a claim for the amount underpaid.

When once the Board had had time to assess the duty on a scientific basis the work of keeping the assessment up to date would be comparatively simple and would require the services of a relatively small staff.

The roll would show the annual value of each landholding in the Union. At first the Board would have to make use of the existing valuation

rolls of local authorities. In areas where there were no such rolls, it would have to examine deeds registers to find out what sales of land had taken place in the past two or three years. It would also require all land companies and estate agents to report sales of land they had been connected with in a similar period. Appraisers would be asked to supply particulars of any recent valuations they had made of land. The Government Mining Engineer's Department could help in valuing mineral-bearing land. Much information about the value of such land could be obtained by examining the prices of mining shares on the Stock Exchange over a period before the introduction of the change.

In this way the Board would have enough information on which to compile a rough and ready but sufficiently accurate roll for the collection of the first year's duty. As everyone would be contributing to the revenue from the land duty there would be widespread interest in seeing that it was correctly assessed. The best way to enlist that interest to help the Board would probably be through the adoption of a system in vogue in Copenhagen. There, in a public hall, a plan of the area to be valued, showing every lot, is hung up on a wall so that any member of the public may inspect it. It shows clearly on every lot its extent and value. Anyone who feels aggrieved at the value placed on his holding may see how it compares with that placed on his neighbour's. In this way we should have the help of the public in assuring the fairness and consistency of the valuations.

Anomalies would be reduced to a minimum and injustice and favouritism eliminated. There would be no opportunity for evasion of the payment of the duty The absence of any temptation or opportunity to be dishonest in the payment of it would be a great gain to the community.

Chapter 8. — TRANSITION

The consequential financial changes involved in the remedy could not all be made in the first year. As far as possible they should be made in such a way as to avoid dislocation in the lives and affairs of the mass of the people. But not one day's productive work need be lost by the change. Farmers would go on growing crops, miners would mine coal and gold, and builders would go on building houses. Shop assistants, bank officials, teachers, factory workers, and everyone else would continue to provide for the needs of themselves and others, as they do now.

A few people might find their lives disorganised at first. Those whose work had been concerned mainly with land speculation might have to look for new jobs, but there would be plenty for them to choose from.

All that part of the activities of the Stock Exchange which depended on gambling in mining shares would fall away. The price of such shares would correspond with the value of the true capital of the mines, that is, of the plant and equipment and shafts. As that would be a readily ascertainable amount there would be no more scope for gambling in those shares than there is for gambling in Union Loans. The Stock Exchange would be a place where investments were dealt in much the same as a grocery store is a place where groceries are sold.

A drop in the price of mining shares would not mean a slump in ordinary business, nor would it mean any reduction in the wealth of the country. As the gold and coal in the land would not be reduced in quantity by the change mining could go on just as before. Soon the amount of mining would actually be increased because mining land, now held out of use, would become available to be worked. The increase in production from the mines would

involve a corresponding increase in jobs as a result of the demand for the products and services of workers in other occupations.

It is possible that opponents of the proposed change might try to sabotage it in various ways. One of the threats they make is that they would take their capital out of the country.

The mineral or other contents of the soil are not capital. They could not be taken out of the country and must in the nature of things be left for us to work on. The mineowners' true capital, their machinery, plant and equipment, they would be at liberty to take away if they so wished, but the break-up value of those things would hardly pay the cost of transporting them out of the country. If the owners were foolish enough to try to take them away we could either make or import new equipment to replace them. Those owners would be much more likely to agree after a little consideration to sell them to us, where they are, at their true value.

Then it is said they would cripple us and destroy our credit by sending their money out of the country. It would not be difficult to neutralise any such attempt. Our banking legislation gives us enough power and, if it did not, sufficiently strong power could be granted by Parliament to enable us to prevent any attempt to sabotage the country's credit or damage its currency. One possible safeguarding measure would be to prevent the export of any gold, except through the Reserve Bank, and then only for the account of the State. Also, the pledge, which would be given, to meet all the liabilities of the State in full on the due date would stabilise our credit not only with our own citizens but also abroad.

Any other difficulties which our opponents might be able to devise could also be met because we should be masters of the source of all production, the land. Nothing could prevent our developing that source and its potentialities. There is no need to suppose that the opponents would have a monopoly of intelligence or initiative or enterprise. Their power in the past has depended entirely on their monopoly of land, of which they would now have been deprived.

As farming has often been carried on with little resort to the use of money and many farmers may be hard to convince that they will be able to pay the duty in money it would be politic to allow those who wished it to pay the duty in farm produce. Steps could be devised to make this measure quite easy to operate.

There would naturally be many new situations to cope with but steps would be taken to prevent or mitigate hardship.

For those whose sole or main income had been derived from land rents and who for any reason might be unable to work, we should provide liberal annuities. Those who were physically and mentally capable of adapting themselves to the new conditions, so as to be able to earn a living, would be expected after an appropriate period to do so. Anyone who through the change had lost his occupation and was not qualified for any other work could be given opportunities to get the necessary training for new work and a reasonable maintenance while doing so.

During the period while industry was adapting itself to the new conditions created by the abolition of customs tariffs, a bounty would be paid to such industries as needed it. Eventually prices of commodities would settle down with, as a maximum limit, the price at which they could be imported. Thereafter there would be no need to control prices. As there would be a vast market for both farming and industrial products there would be no need to control or limit their output.

During the transition period it is probable that our greatest difficulty would be in getting our administrators and public officials to appreciate the possibility and presence of plenty. They would need constant urging and prodding to be bold enough in their visions of the future. However, that is a difficulty which time would remedy completely.

The election of a Parliament with a majority pledged to support the proposed scheme would in itself be notice to everyone that the change was about to be made and that any alienation of his landed property would be subject to the provisions of the change. Sales and purchases would, however, in no way be interfered with. They would take place just as freely as they do to-day. There would also be no interference with anyone's existing title to land. The difference, however, would be that anyone holding or acquiring land would do so subject to the obligation to pay the duty for his land. As the duty would, as nearly as practicable, be the whole rental value of that land, exclusive of any improvements on or in it, the land itself would have no selling or buying price.

To prevent unscrupulous persons during the transition from cheating buyers of houses or other properties the statement of the new Government's policy would inform the public of that fact and that the proposed change would have retrospective effect as from the date of the election of the new Parliament. Improvements, however, would continue to have their full value and the price paid for them would be the sole and unimpaired property of the owner. When he sold or leased or bequeathed his title to his "landed property" he would do so in exactly the same way and just as freely as he can do to-day.

It is essential to emphasise this point, because many people have been led to believe that the proposed change would deprive them of their houses or factories or farms. It would deprive no one of anything that has been made or produced by human labour. It would in fact confirm the title of the worker to it as a product of his work. But the proposed change would lead to the extinction of speculative values in land and in shares in land.

Just as special measures to deal with changing economic conditions were necessary at the time we left the gold standard so some special measures may become necessary for dealing with the transition from our present system of land monopoly. But they would present no serious difficulty. If the world suddenly decided to dispense altogether with the use of gold in connection with currency and banking, there would, under our present system, be chaos. Nothing short of martial law would then suffice to cope with the immediate problems that would arise. But with the proposed remedy we would weather the storm and eventually, by developing our natural resources, make good what we should lose by gold becoming valueless.

Chapter 9. — THE INEFFECTIVENESS OF OTHER REMEDIES

An effective remedy for our unemployment and want must make work, food, freedom, available for everyone of us. We should test every proposed remedy by enquiring how far it will do that.

Because our national income is too small we must, if we are to allow everyone the necessaries of life, increase it. A mere redistribution of our present income will not do that. A big national income which is based on industrial products which we cannot eat or exchange for food is of no use to us. We must have food.

The usual approach to the problem of unemployment and want is to try to "give employment"; to give doles and subsidies to encourage people to continue at their work; or to put more money in circulation in order to stimulate the demand for goods. Probably all the current proposals for solving that problem, except that now put forward, falls under one or other of those methods. The weakness in all of them is that they amount merely to a redistribution of our existing insufficient national income.

Measures to "give employment" cannot solve our problems. We are told the Railways are going to find jobs for 2,500 returning soldiers over and above those who will get back the jobs they had when they enlisted. But the Railways have no money of their own to pay the wages of those additional men. Unless the quantity of goods produced in the country is increased so that the services of additional railway workers are required, the employment of them will merely add to railway expenses and have to be borne by other workers by way of higher railway charges.

The same reasoning is equally true of proposals to "give work" by undertaking large public works. The position is even worse in such instances than it is in that of engaging superfluous workers on the railways. The effect of making better roads or dams is to raise the value of the land served by them. In this way they enrich a few landowners who can charge more for their land and so make increased production more difficult than before. The actual work on the roads and dams provides jobs for those employed on them but the cost must be borne by other workers through increased taxation. Such a measure is also a mere redistribution of our existing national income. It may give our public men and women a glow of satisfaction to find work for individuals or even groups of individuals but that is not a solution of our problem. It cannot be solved by charity or by taking from one to give to another, which is what we do with our sub-economic housing schemes.

We cannot, in short, "give work" to new applicants for jobs, otherwise than at the expense of those who now are workers, unless we make it possible to increase production.

So, too, the granting of land under land settlement schemes is no solution of our problem. Our farmers and industrialists, although they do not produce enough goods to meet the needs of our people, cannot sell even the insufficient quantity they do produce. The reason is the unemployment and the poverty of the great majority of our people. Those who will receive grants of land in a settlement will do so, even though they are allowed to pay on very easy terms over long periods, at prices based on current speculative values of land. Their produce will have to be sold in a market which is already overstocked with goods that are needed but cannot be sold. Such land settlements were largely a failure after the last war, both here and elsewhere. They cannot be a success unless the people who are to buy their produce are themselves allowed to produce or give services in exchange for it.

It is not difficult to see that the provision of doles and subsidies is no solution of our problems. If we do not thereby increase production they must mean merely a transfer of money from the pockets of one group of people to the pockets of another group. If this could be done, for example, merely by depriving the 91 persons who, in 1943, paid income tax on individual incomes of over £20,000, that objection might not be considered very serious. It may be wrong for anyone to have an income of £20,000 a year. But if we confiscated all such incomes we should not thereby be any nearer a solution of our difficulty, as a distribution of all the 91 incomes among the rest of us would not increase our incomes by more than a small fraction of a penny a day. That would just be trouble for nothing.

Giving doles and subsidies appeals to politicians because those who receive them are likely to be grateful supporters. They present an apparently easy way out to politicians called upon to deal with unemployment and want, but it is obvious that they are no solution for the poverty problem as a whole. Doles and subsidies actually aggravate the seriousness of the problem. They sap the spirit of independence in the recipients, who thus become less willing and able to be producers, while they increase the cost of living as the money needed for them must be obtained from higher taxation. We tend to forget that it is not the Government as some outside entity that pays. It is the taxpayers who pay. Whatever is given to one person or a group of

persons must have been produced by someone and taken from him by taxation.

It is for reasons such as those given above that the kind of "social security" proposed in Parliament or by the Social Security Committee cannot be effective or confer any real security. We should be prepared to provide adequately and liberally for the aged, the infirm, the disabled, and the sick, but we can do that only when we have produced what they need.

Subsidies are often given on the ground that they enable farmers or industrialists to continue to carry on business and so give employment to a number of workers. Under this head come protective tariffs and payments to farmers to make good their losses on the produce which they are compelled by law to export. Each of these methods makes the worker have to do more work in order to be able to buy a pair of boots or a pound of butter than he would otherwise have had to do.

Proposals to put more money in circulation in order to increase the demand for the products of labour are based on a misunderstanding of the meaning and function of money. The printing of more banknotes will not solve our problem. We do not eat or wear or live in banknotes. We use them for exchange — the exchange of our own goods or services, for which we have received them, for the goods or services of someone else, to whom we pay them. If we print more banknotes than are needed to effect such exchanges we are merely helping to cause inflation. Before we can safely put in circulation more money than is so needed now we must correspondingly increase the supply of goods.

Measures such as those which have been discussed above have been tried in the past and have failed. There is no reason why they should succeed now. Because of their failure in the past to solve our problems many people have come to believe that it cannot be solved unless we have republicanism or a Central Economic Council to control all our activities, or State ownership of everything, or fascism or some other form of totalitarianism. Clearly none of these things, which all represent merely a matter of the form of government or administration, can of itself meet our difficulty. None of them involves greater production of the goods we need.

There is nothing a republic could do or provide for that could not as easily be achieved under our present from of government. A Central Economic Council can do no more than plan production. However powerful such a council may be and however fascist or authoritarian may be its outlook, it cannot materially increase the production of the goods we need, except through the development of our natural resources. That development can be much better achieved by the individual effort of many thousands of interested people than by the planning of a group of persons with no individual interest in the result of a specific enterprise. State ownership of itself will not make anyone work better than he does when the full product of his work is assured to him in private enterprise. State ownership of land would be better than our present system of land monopoly but it would involve a host of bureaucrats to administer it. They would be a burden on industry and would interfere with and hamper our work in producing the greater quantity of goods we need.

So, too, any good there might be in fascism or totalitarianism would be far more than offset by its power and tendency to crush individual initiative and freedom. Totalitarianism, whether it takes the form of Communism or Fascism, is unsuitable to our country. It offers no solution of our difficulties and it is incompatible with the traditions and upbringing of our people.

None of the proposed remedies of the kind discussed above offers any remedy for our difficulties. They can as we have seen be solved not by a mere redistribution of the wealth that has already been or is now being produced, but only by an increased production of the necessaries of life. No remedy can be effective that does not set our natural resources free to be used by all the people for the benefit of all the people.

Chapter 10. — OBJECTIONS ANSWERED

Some difficulties must inevitably arise during the change-over to a new system. Any hardships that may thereby be caused to individual members of the community ought to be mitigated as far as possible by special provisions. The mere fact that difficulties might occur is, however, no reason why we should allow things to go on in their present demonstrably unjust way. Every new piece of legislation interferes in some way with someone's mode of earning a living but that, if the new law is considered necessary, is not allowed to prevent its being made.

The proposed change can be introduced in South Africa with little real hardship for more than a very small number of individuals. It will be easy to care for them by way of generous annuities for the rest of their lives. For everyone else the gain would be immediate. This vast majority will, however, have to guard against being frightened off what would be so much to their advantage by unfounded objections raised against the change. The objections that are raised can all be shown to have no substance. They will now be considered.

1. *We don't want to be farmers, so we are not interested in the land question.*

The land question is not just a farming question. This objection is due to a failure to grasp the fact that we all live on and from land every minute of our lives, whether we work in an office or a shop or a school or are farmers or miners, or builders. We are all dependent on the land for our livelihood, whether as primary producers producing food and raw materials from it directly or as workers processing, handling, or distributing those goods or supplying services to other persons engaged in such work. The land question, that is, the question of all the land being available for use, therefore, interests everyone of us very intimately.

2. *The proposed change would be unfair.*

This objection, which takes a number of different forms, is raised as a result of a failure to distinguish between the value and the size of a plot of land. A plot of land has a value by reason of its natural potentialities such as its situation or fertility or mineral content and its nearness or accessibility to population. In short, the qualities which would enable its owner to charge a rent for it. Where there is no population land has no value. Where the people are most closely congregated together, there land has its highest value. Thus some plots of land, each 50 feet by 50 feet, in the business centre of Johannesburg, have a value of £50,000 to £75,000, equivalent to about £1,000,000 an acre. For the business purposes for which such a plot is required it does not matter whether the surface of the land is rock or fertile soil. There is probably no farm in the Union, no matter how large or how fertile it may be, that is worth, just for the site, as much as one of those small business plots in Johannesburg. As the land duty would be based on the value, not the size, of the land, such a business site would be subject to a larger annual charge or duty than the best farm in the country or than any lot in a residential area in any town. Nothing could be fairer than that each should pay in proportion to the value of the land he holds.

Another aspect from which this charge of unfairness is made is that the proposed change would really amount to confiscation of the landowner's land. This can be easily shown to be wrong.

It will be admitted that the State must have a revenue with which to administer the affairs of the country and to provide the services we need. That revenue is now raised by taxation. The State takes out of the pockets of its citizens by way of direct or indirect taxation the amount it needs, irrespective of the public services received by the individual taxpayer. The harder he works the more taxation he must pay. The craftier he is the

more he can evade paying. Taxes are always harder on the poor than on the rich. Taxation is thus a clear instance of confiscation.

The proposed change, on the other hand, is not confiscation in any form. The value of land is created entirely by the presence and activities of the community. In claiming that value for itself the community is only taking what is rightfully its own. That cannot in any circumstances be truly called confiscation. The payment of the duty will be just as much a payment for services rendered as is the price paid to a shoemaker for repairing a pair of shoes.

But it is urged that it is unfair to take away his land from the landowner without compensating him.

It is not proposed to take away anyone's land. An overwhelming majority of our people own or hire no more land than they actually use. They would be able to retain it more easily under the new than they can under the present system. They would be required to pay the duty on it but as that would be less than the amount that taxation now costs them and of which they would be relieved, there is no loss to them and nothing for which they need to be compensated. For the relatively small number who hold more land than they can use the effect of their having to pay the duty on all of it will be that they will be unable to hold what they cannot use. The portion they can use they will be able to hold as freely and effectively as any other user will hold his, but the remainder they will have to surrender. As the duty will be all the land is worth it will have no selling price. The present owner of unused land will then have the choice of giving it without payment to someone who wants land to use and who will pay the duty for it, or of surrendering it to the State which will make it available for someone who needs it and will use it.

In no proper sense of the word can that process be called "confiscation." Every landowner will be entitled to hold as large and as valuable an area as he can use and afford to keep by paying the duty. No complaint can be reasonably made against that.

It is true he would be deprived of the power to speculate in land and to hold it out of use and to exact a ransom price for permission to use it, but it is just that power which is the cause of poverty and which we must destroy if we are to have our Better South Africa. Such a power is founded on no moral or ethical code. It was based on injustice and must be ended by a return to justice. By no valid reasoning can it be claimed that justice requires us to compensate him for ending a power to appropriate to himself what belongs to the community and which enables him to compel others to pay him for giving them permission to work.

The objection that compensation should be paid to a landowner who would have to surrender the land he cannot use is sometimes raised in this form: "A man has invested his savings in buying a property which he himself does not wish to use but he hopes to live on the rent from it when he retires. He will lose his investment whereas a man who has invested his savings in Government stock will lose nothing."

In considering this aspect we should first look into the meaning of the word "property." If it includes a building, whether it is a factory, or a house, or a block of flats, the owner would lose nothing of its value. That would remain his just as fully and securely as it does now. In fact it would be relieved of the assessment rates he now has to pay on it anywhere in the Union, except on the Reef. He would also be relieved of any income tax he now has to pay on the rent he receives from it.

If the "property" is land only, then, if it is not being used, he will be receiving no income from it and, if it is in a town, he will be actually paying out something in rates on it. He will in such a case be holding it for a rise as a speculator and so be responsible for causing unemployment and want. As such he cannot expect much sympathy from anyone who understands what the true position is. If he has let it and is receiving an

income from it, which he would lose when the duty became payable, and, because of old age and infirmity, he could no longer earn his living or live in reasonable comfort, he would be granted a generous annuity for the rest of his life. As a result of the change he would have the satisfaction of knowing that there would no longer be any danger of his dependants having to suffer want or unemployment. That is something he cannot be sure of to-day, however much he may have accumulated to bequeath to them.

It may seem hard that the man who invested in stock would still have that stock, but the right to an annuity should be a sufficient offset to that. It is, of course, not possible to make changes in our economic system without causing some hardships. Every new tax does that. So in fact does every new law. So the change that we now see to be necessary, if we are to end the injustice of poverty, may cause some hardships. They should be met and mitigated in a generous and large-hearted way.

It is sometimes suggested that we should take over the existing gold mines or the large tracts of land held by land companies, or acquire land for public purposes and pay compensation for it on the basis of its value in 1939 instead of its present much higher market value. Such partial measures would indeed be confiscatory. We have no right to single out the gold mines or company land or land needed for public purposes and leave untouched the land of all other owners. To do so would be discriminatory and unjust. But to recognise the dominant right of the community to all the natural resources of the country is quite a different matter. That is based four-square on equal justice for everyone.

3. *The duty would fall heavily on the worker and the working farmer.*

This objection has been largely disposed of by the answer to the previous objection. The value of land in a residential area is usually not very high. It is much less than that of business sites. The same is true of land worked by a working farmer. As the value is small so the duty will be small. The worker who owns his own home or the working farmer will pay that duty but will pay no taxes of any kind, direct or indirect. The amount paid as a result of taxation by both those classes of worker to-day is much higher than will be the duty.

Instead, then, of its falling heavily on them it will mean a substantial benefit to them. They will, in fact, be financially better off and be more strongly entrenched in the ownership of their homes or farms than ever. Their cost of living will be reduced and their opportunities for making a living increased.

4. *It will make no difference whether we pay the revenue in the land duty or in taxes.*

It will make a very great difference. To-day we pay twice over. We pay the equivalent of the duty in a purchase price or rent to a landowner and we pay taxes to the State as well. Taxes raise the cost of living for all of us. In so far as they are used to pay for public services they make land more valuable and so increase that price or rent against us. Thus, in effect, we pay taxes to enrich landowners who then make it more expensive for us to get land. We tax ourselves to raise rents and then appoint Rent Boards to try to keep them down. We compensate landowners, in other words, for creating unemployment and want. When, on the other hand, we have to pay the land duty to the State it will abolish all taxes and so reduce the cost of living. As we shall pay no taxes we shall pay only once for the State's services. Land values increased by services provided out of the duty will belong to all of us instead of to private landowners. The effect is shown in the diagrams on page 15.

5. *The proposal is impracticable.*

There is no more difficulty in ascertaining the renting value than the selling value of land. The latter is done now by many public bodies for

levying their assessment rates. Also much unimproved land is let from time to time by landowners. They and their tenants have no insuperable difficulty in arriving at the value. In every sale and in every letting of land the parties settle what must be paid, that is, its value. It is really the public demand which fixes the price or the rent.

The valuers appointed to prepare the roll of landholdings and the duty payable in respect of each of them, would find it no more impossible to decide on the amount payable than do buyers and sellers or lessees and lessors to-day. With proper publicity for the details in the valuation roll the knowledge of the public would be available to act as a check on its correctness. Few glaring errors could escape notice. Small errors would not matter much. An error of a few shillings or even a pound or two a year would not seriously affect anyone. Such discrepancies might quite well occur at first but with experience even they could be avoided.

6. *The land duty would lead to exhaustion of the land.*

Then it is said that the proposed system would lead to abuse of the land, particularly of farming and mining land. Farming land, it is suggested, would be "mined" and exhausted and the eyes would be picked out of mining land.

Unfortunately, a very great extent of farming land has, under the present system, been exhausted and ruined, while mining land has sometimes been wastefully worked. Under the proposed system there would be less incentive to exhaust the soil than there is to-day. The present high speculative price of land makes it difficult or impossible for the farmer to afford to maintain or restore the fertility his crops have taken from the soil. If it were no longer necessary to pay a purchase price for land he would be in a much better financial position to look after his land and keep it in good heart than he is to-day. That, however, would probably not always be a sufficient safeguard. Some people are careless, neglectful or even destructive. It would thus be necessary, as it is now, in the interest of this and succeeding generations, to adopt measures to preserve our heritage in the soil.

In Great Britain, where much of the land has been farmed for generations under leases which contain provisions for caring for the land, the fertility of the soil has been maintained.

Under our present system we shall soon be driven to take steps to compel thriftless farmers to protect their land from exhaustion and erosion. It would, if anything, be easier under the proposed system to adopt and enforce those measures than it would be under the existing system.

As to mining land it may be necessary to place large-scale operations involving a large amount of capital in the hands of a public corporation. This matter is discussed in the chapter dealing with mining.

7. *The change cannot be made unless it is world-wide.*

It would naturally be a good thing if all the peoples of the world were to adopt the proposed system, but it is wellnigh impossible to imagine any measure which the whole world could be persuaded to adopt. The proposal we are now considering is capable of being applied in one country, even if the rest of the world rejects it.

The resources out of which we live are here in South Africa and cannot be removed to any other part of the world. They have, therefore, to be developed and worked here and nowhere else. Nothing the people of another country can do can take them away from here or, short of the military occupation of our country, prevent our using them. We are therefore free to adopt what measures we wish in respect of them whatever the rest of the world may do. It will be our energy, skill, and initiative which will determine how we work them and the amount we produce from them.

We should not by adopting the proposed change make it any more difficult to trade with other countries. Their goods would not, as a result

of what we did, be any more expensive than they would be if we maintained our present system. Our goods would actually be produced much more cheaply than now, so that our own cost of living would be reduced and our capacity to buy goods from overseas increased.

Much of our land is to-day owned overseas. About half of our gold mining shares are owned by people abroad. So are some of the most valuable business and urban sites and some farming land. It is this fact which supports the claim that we are being exploited by "imperialists" and which is being used to press a demand for our secession from the British Commonwealth of Nations. Actually exploitation by foreigners who own land in South Africa is very little different, in its effect upon those who are exploited, from exploitation by English- or Afrikaaks-speaking land monopolists who live here. Exploitation by both would be ended by the proposed system.

8. *The new system would ruin our industries.*

This matter is discussed in a separate chapter dealing with commerce and industry, where it is shown that the proposed system would greatly increase the trade and industry of the country.

9. *The duty would mean a tax on industry.*

This has really been answered already. The proposal would abolish all taxes.

Industry is to-day very much burdened by taxes, particularly indirect taxes, and by the high price of land. It should be set free from those burdens. It is not just what is paid out in taxes that affects costs in industry. It is also the increase in general costs which they bring about. Taxes raise prices and so raise the cost of living This involves industry in increased costs because of the higher money wages that must be paid in the production and handling of their raw materials, in the administration of the country, and in transport.

Industry, far from being burdened by the proposed change, would be very much relieved both by the abolition of taxation and by the creation of the great market which would become available for its products as a result of unemployment and want being ended.

10. *The duty would discourage thrift.*

Those who advance this objection probably confuse thrift and the wish to accumulate great riches. The striving after accumulation has been often condemned. Great riches confer great power on their possessors and this power has often been abused. The urge to accumulate has its roots in fear, primarily the fear of want. The more a man can collect for himself the safer he thinks he and his family are likely to be, even if there should be very serious inflation.

The destruction of the fear of want and of economic insecurity would in time destroy the urge to accumulate. We should then be inclined to laugh at and despise anyone who set out to acquire great riches. They would no longer be needed as a protection against want. If he could accumulate them, which is not likely, they would confer no power on him to exploit his fellowmen. He would not be able to compel anyone to work for him.

There would not, under the proposed change, be the same need for saving for one's old age as there is now. As, however, every worker would after the change be better able to provide for his needs than he is to-day and have something over, there is no reason to suppose that he would be any less ready to save, for future needs and pleasures, at least as much as he does to-day. New inventions and new discoveries bring every day new products to satisfy his desires. Whether he decided to acquire them at once or to postpone acquiring them till some future time would not be very important. It is important that he would at no time need to suffer from the fear of want. While he could work he would be able to earn enough to

meet his needs and when, because of age or infirmity or disablement, he could not work, his needs would be met by an adequate pension. There would always be scope for education to show him any virtues there might in such circumstance be in saving so as to augment such a pension.

11. *The poor man will be unable to pay the duty and the rich man will not feel it.*

The poor man has to live on land to-day. There is nowhere else for him to go. For that he has to pay a rent swollen through speculation. By the proposed change the portion of that rent due to speculation would be eliminated. Thus he would have to pay a lower rent for his land than he does to-day and so would be better able to pay the duty to the State than he is to-day able to pay the rent claimed by the landlord. Besides that he would be better off by being freed from taxation and by having higher wages or earnings than he receives to-day. The bywoner or share-tenant who to-day pays as rent from one-third to one-half of his produce would be immeasurably benefited by being able to have his own land against the payment of a very low duty. There is, therefore, nothing in this objection as far as it refers to the poor man.

A wealthy man would not be able to escape the duty. A rich man becomes rich only because of some monopoly. If we destroy land monopoly the power to exploit and, therefore, to become very rich, would disappear. The rich man's riches would consist merely of his actual wealth, his houses, motor cars, racehorses, machinery, and so on. Of these he could have no monopoly because new ones could be readily produced by the application of labour to our natural resources. If he demanded too high a price for them the workers would refuse to buy and would produce others themselves. If he could not sell them he would have nothing with which to pay the rent of the land he wished to hold. He could work some of it himself or with the aid of free workers whom his terms might attract but this would not give him any monopoly over the land where they worked. If he were to try to hold out of use a large and valuable extent of land he would have to pay its full rent to the State while he would receive no return from it. Should it become more valuable for any reason, such as the growth of population or the provision of new public services, he would not benefit from the rise in value of the land because his land duty would rise proportionately. There is no way in which the so-called rich man could circumvent the proposed change. It would break completely any power to acquire a monopoly of land or to hold it out of use.

12. *The duty would cripple industry and farming because no one could borrow money on his land.*

It is true that land, having no selling price, could not be used as security for a mortgage. Even to-day no one can borrow on land more than a fraction, as a rule not more than half to two-thirds, of its value. The rest he must be able to pay before he can get possession of the land. Under the proposed change the industrialist or farmer who wanted land for his work would not have to buy it. Any money which formerly would have gone in buying such land would, therefore, remain in his hands to be used in buying new machinery or equipment or fertilisers. To that extent his industrial or farming operations would benefit materially.

But then it may be said he would have to pay the duty. That is true but it would be less than the interest which he would have had to pay if he had borrowed the purchase price or the interest he could receive on the amount of that price if he put it out on loan. It would also be much less than the amount taxation now costs him and of which he would be relieved. He would, thus, be better off in every way than under the present system.

Though he could not mortgage his land as such there would be nothing to prevent his borrowing money on a mortgage on his improvements, such as buildings, machinery, headgear, orchards, crops, and so on, on his land.

No knowledgeable lender could validly prefer a present-day freehold title to the title which the landholder would have after the change. The security would in fact be better than that offered to-day because the borrower would be free from the deadweight of debt incurred under the present system of buying land.

13. *The landlord would add the duty to the rent.*

This objection is based on a misunderstanding. All economists are agreed that any charge levied by the State on the rent of land has to be borne by the landowner and cannot be passed on to the tenant in increased rent. That is the position under the system of site value rating which is in force in the towns on the Witwatersrand. That system takes a portion of the rent which would otherwise have gone to landlords in a higher rent. It does not increase the rent payable by tenants. It actually tends to lower it.

The reason for this can be seen when we consider the nature of land and distinguish it from the nature of goods. Land is not made by man. It is provided by nature. It existed before man appeared on the earth and it will probably exist after he has disappeared from it. Goods on the other hand come into existence only as a result of man's work on the earth or on materials taken from it. It is characteristic of them that they perish very soon if labour is not spent on conserving them.

The amount or supply of the natural resources of the earth cannot be increased but the amount or supply of goods can be increased up to the limit of the capacity of human labour and ingenuity. To hold land out of use, as land monopoly does, restricts the amount or supply of natural resources, so causing an artificial scarcity and sending up the price or rent which must be paid for permission to use them. By requiring the holder of land to pay the duty to the State we should make is impossible for him to hold it out of use. We, therefore, by that measure would increase the supply of land accessible to those who want to use it.

The new payment would be in substitution for the rent the tenant now pays to the private landlord, not in addition to it. As the speculative element in our present rents would disappear the new duty or rent would almost invariably be less than the present rent. (See diagram, page 15.)

14. *Flat dwellers will escape the burden.*

Even flat dwellers live on land and work on land. Flats are not built on air. Though the area of land appropriated to the tenant of a flat is small, he will be required to pay the duty in respect of it. A principle involved in the proposed change is that each of us must pay to the community what belongs to the community; that is, the value of land we occupy. That value is made by the community through its presence and the services it renders. If a flat dweller is satisfied to hold a very small piece of land he quite rightly will have to pay correspondingly less than one who has the use of a more valuable plot.

Whether a flat dweller has a large income or not has nothing to do with the case. There would still be no injustice, however rich he might be, in his having to pay only a small sum in respect of the small extent of land on which he chooses to live. Under the proposed change his large income would not be derived from exploitation of his fellows but would be obtained from some useful form of service. There is thus no ethical ground on which he should be required to forfeit any part of that income to the State. It would be the product of his work and should rightly be his.

If his income were derived from a business carried on on valuable city or mining land he would contribute to the State, by way of duty on it, all that it would be worth, that is, the full value of the services available to it. If the flat dweller had no such business he would not be likely for long to have a large income. There would be nowhere or nothing for it to come from.

In any event, here, as with other objections, even if some small anomalies might continue under the proposed change till we learned how

to deal with them, that would be no reason why we should hold on to a system which brings such monstrous injustice and misery as we now see all around us. We cannot expect, with human nature as it is, to be able by a stroke of the pen to establish immaculate justice. We must be satisfied to get the best possible approximation to it and thereafter strive after the perfection we so often seem to demand of any change before we are ready to support it. Under the proposed change we could have an immense immediate improvement. When it is adopted there will, human nature being what it is, always be plenty for the perfectionists to work on to achieve their ideals.

15. *There will be no security of tenure.*

The title to land which is envisaged in the proposed change is in reality a full freehold title. The owner would be able to dispose of it on a sale of the buildings and other improvements on or in the land or bequeath it just as freeely as he can deal with a freehold title to-day.

This can be seen in Johannesburg under the system of rating site values. The amount taken in rates is a fraction, say, one-fourth to one-fifth, of the annual value of the land in the town, other than mining and agricultural land. That fraction is demanded by the City Council and is paid every year without interfering in any form whatever with the right of an owner to dispose freely of his land. It does not in any way impair or lessen the full security of a freehold title or the full ownership of anything the landholder may bring upon or build into his land.

Under the proposed change the whole of the annual value of land, instead of merely a fraction, would be taken for public purposes. The difference is one of degree not of principle. Whether one-fifth or the whole is taken the security of the title will not be affected. To-day the Johannesburg City Council can sell in execution land upon which the rates are not paid just as the Government can sell up a taxpayer for failing to pay his taxes. That does not in any way destroy the security of his title. It would not be necessary to make any change in that procedure in the recovery of the land duty.

There is no doubt that security of tenure is essential for progress and industry. The proposed change assures it.

In Northern Nigeria a system very similar in principle to that now proposed was introduced in 1910. Mr. C. L. Temple, C.M.G., formerly Lieut.-Governor of that area, wrote about it in his book, "Native Races and Their Rulers," as follows:-

> "Absolute security of tenure and the completest enjoyment of all improvements on a site can exist, and do exist, under the 'Land and Native Right Proclamation,' and at the same time the land may remain strictly 'national,' with the community as sole landlord."

The system has not, he said, "frightened capitalists" and it has not interfered with the development of the country. The new system was introduced there to take the place of the former tribal custom of landholding which did not give security and so impeded development. Under the new system the tin industry, financed by European investors, has flourished to the benefit of everybody.

16. *The State will fix the duty too high.*

This objection has in part been disposed of above. There are, however, various safeguards which could be provided against the State fixing the duty at too high a level, if it were felt that there was any real danger of its doing so. That danger will not arise if public opinion remains alive to its interests and vigilant in watching over them. Nothing can succeed for long if public opinion does not actively support it. Mr. Temple showed that adequate safeguards were provided in Northern Nigeria. Our Courts could be relied on to see that any safeguards which were provided would be properly upheld.

17. *The duty would not yield sufficient revenue.*

This objection has been fully answered already. It has been shown that the total peace-time revenue raised by the Central Government, the Provincial Councils, and local authorities was substantially less than the revenue which would come from the duty. Many of the expenses which now have to be met out of revenue would no longer arise. For the services at present provided a smaller revenue than that obtained in peace-time would suffice. Consequently we should, after abolishing all present forms of taxation, and after providing the present services, have a considerable surplus which would be available for new public services and amenities.

The effect of all new public services is to raise the value of land. Under the proposed change each new service would thus increase the revenue of the State. New services would pay for themselves. Whereas under the existing system the provision of new services enriches the owners of land, the revenue from the increased value would now accrue to the State and be available for the provision of other desirable services.

18. *The public would still be exploited by other monopolies.*

It is true that there are other monopolies besides that of land but none of them can really have any affect upon our right and ability to make a living if land is freed from monopoly.

There are some minor forms of monopoly which may always exist but they are of no importance. Thus a cabinet-maker may have made for himself a very beautiful piece of furniture which he will not sell to anybody at any price. He has a complete monopoly and no one can reasonably wish to deprive him of it. That kind of monopoly is quite innocuous.

Some forms of monopoly are created by our system of licensing or of taxation which restricts the right to carry on certain kinds of businesses to those who can afford to pay the licence or tax. This form of monopoly would disappear with the abolition of the taxation which is its cause.

Another form of monopoly, such as the exclusive right to operate trams or buses or supply water or provide sanitary services, in a certain area, is a result of licences or franchises issued by public bodies. They are generally attached to a specific interest in land which thus acquires a great additional value. The land duty would include the full annual value of such a licence. In this way the whole of the monopoly value of the service would accrue to the community and there would be no harm in it.

A similar form of monopoly to that just mentioned is the monopoly which arises under our patent laws. It should not be difficult to devise a new way for adequately rewarding inventors without creating monopolies. The change now proposed in our land system would not prevent our changing our patent laws.

Many large industries are in the hands of monopolies, such as trusts and cartels. The strength of such combines is often, if not always, founded on the monopoly of certain natural resources. The destruction of such monopoly would involve the destruction of the combine arising from it. But if after the proposed change had been made dangerous combines still continued to exist, or came into existence, there would be nothing to prevent the State from taking over the interests of such bodies or organisations and placing them in the hands of a public corporation formed, say, on the analogy of a body like the Rand Water Board.

19. *The proposed change will not break the monopoly of the capitalists.*

It is unfortunate that the word "capitalist" has been given an opprobrious meaning. He has come to be looked on as the arch enemy of fair dealing in industry and business. In its true sense the word should mean merely the owner or investor of capital, which is nothing but stored-up labour to be used to assist labour in producing more goods. Capital of itself can injure no one.

What is behind the minds of those who raise this objection is a confusion of "capital" with monopoly. It is the monopolist who is the enemy The proposed remedy by breaking down land monopoly would as a result destroy all monopolists. Unrestricted access to national resources would make possible the production of any commodities we needed in such quantities as to make a monopoly of them wholly impossible.

It is true that a great deal of capital is usually needed for establishing a large industry but as a rule it is subscribed by a number of people, few of whom contribute any large amount. In 1938/1939 the value of land, buildings, machinery, tools and plant used by or in privately-owned factories in South Africa was £87,000,000. The number of employees employed in them was: Europeans 117,000, and non-Europeans 190,000. The average amount of capital in those factories, per employee, was thus about £290. If we assume that only Europeans would subscribe, the figure per employee would be about £750. In many industries the amount would, of course, be much less, while in some it would be more.

Because workers would, under the new system, receive, as a rule, higher wages than they do now, while the cost of living would be reduced, they would be in a position to save without any difficulty the capital necessary for starting industries. The reduction in the cost of living would bring about a reduction in the cost of equipment and plant for a factory and nothing would be needed for acquiring the necessary site. Thus the amount required for starting a factory would be substantially less than it is at present. As there could be no monopoly of raw materials it would be impossible for anyone to "corner" the supply of them.

The chief power of an industrialist to grow rich by exploiting low paid workers lies in the fact that they are, under our present system, compelled to compete with one another for a limited number of jobs and so have to accept what is offered to them. The wages they receive do not allow of their being able to save anything to join in starting a business or industry.

As soon as the workers, as a result of there being more jobs than workers, became independent and obtained the full value of their work, there would be available for developing industries much larger amounts of capital than there are now. This would mean not only that there would be no monopoly of capital to restrict the expansion of industry but on the contrary there would be much more free capital to bring about a great expansion of industry.

Because workers who were free to employ themselves or to choose congenial and attractive jobs would offer no scope for exploitation, owners of businesses looking for workers would have to make the terms they offered attractive, otherwise they would have to go without workers. Thus, what to-day is practically a monopoly power in the hands of industrialists would disappear. When everyone is free to employ himself directly on the natural resources of the country and there are more jobs offering than there are workers there will be no power in anyone to exploit his fellow human beings.

As a result of that change the return which the organiser of a business would be able to expect would tend to be nothing more than a reasonable reward for his initiative and energy instead of the vast fortunes which to-day his monopoly power enables him to accumulate. There would probably also be a tendency towards the creation of a form of partnership in industry between the organisers and the other workers.

We may even envisage the growth of close co-operation between those who are now employers and employees in the foundation, development, and conduct of business and trade. Such a movement would be sound and natural and it would be entirely free from any form of bureaucratic control or interference with individual freedom. It would be a growth from the roots upwards instead of a structure imposed upon the community from above by allegedly supermen, in the manner of totalitarians, whether fascists or socialists.

20. *The land duty would encourage skyscrapers and slums.*

It may be pointed out that the present system has not prevented overcrowding or the erection of skyscrapers. The latter has been dealt with in some cities under "zoning" and other town planning measures. If such measures continued to be necessary after the proposed change had been made, they could be maintained or introduced under it. Those so far taken under the present system to deal with overcrowding have on the whole been a failure. No such measures can reasonably be expected to succeed under it. If they were desirable they could be applied just as well under the new as under the present system.

The objection is, however, baseless. The chief factor which leads to the erection of skyscrapers or to overcrowding of buildings on small areas is the high and ever-increasing price of land. Under the proposed change that part of the value of land which is due to speculation and the withholding of land from use would disappear. There would be no purchase price of land and all that would have to be paid in respect of it would be the annual duty or the true, actual value of the land and no more. The stimulus which an unduly high price for land now gives to the erection of skyscrapers would therefore cease to exist. The obligation to pay the duty would naturally require the landholder to use his land but the pressure on him to abuse it would disappear.

The fact that everyone would be able to get all the land he could require for any lawful business or trade would operate against the erection of skyscrapers. Few people would prefer to live or work in such a building if they had the opportunity to live and work in a less lofty or congested one. There can be little doubt that most families would prefer separate homes of their own to apartments in huge blocks of flats. As everyone would be free and in a position to erect buildings for himself, there would be few wanting to occupy skyscrapers and the urge or temptation to erect them would cease to exist.

The same factors would operate to prevent the overcrowding of buildings and slum dwellings on small plots. People live in congested quarters because they have to, not because they wish it. As want would cease to exist under the proposed change, that potent urge to overcrowding would disappear too.

21. *The new system would require a change in human nature.*

Those who put forward this objection seem to assume that human nature is normally bad. Under the proposed system, even if that were true, the selfishness of human beings would in large measure be turned to the advantage of the community. We are living now under a system which sets us at each other's throats for the jobs by which we can earn a living. As there are not enough jobs to go round, the strongest and the wiliest succeed in getting more than their share and the weak have to go short.

As, under the proposed change, there would be unlimited opportunities for everyone to employ himself or get a good job, no one would be able to force anyone else to work for him. Any contract of service would be the result of an agreement voluntarily entered into by an employer with an employee well able to protect himself and free to accept or refuse the employer's offer. There would be no need to change human nature as far as the making of such a contract was concerned. The employer would not engage a worker whose work was poor or who demanded more than it was worth. The employee, on the other hand, would not accept employment on terms less favourable than those he could get elsewhere from one of a large group of employers looking for workers or for less than he could make by working for himself, which he would always be free to do.

In such conditions the only way the selfish human being could increase his earnings or possessions would be by himself working harder and so producing more goods. The more his selfishness pushed him to try to accumulate wealth the greater would be the advantage to the community. The remaining

members of the public would lose nothing as he could not exploit them, while all would gain from the increase in the national income which his greater energy and application would bring about.

22. *There are no precedents for the proposed change.*

If this objection were to prevail we should never change anything or make any progress.

There is, however, the precedent of Northern Nigeria which has already been cited. The system worked satisfactorily there.

The principle of what is now put forward is also in operation in a number of Pacific Islands. Western Samoa is one. Under the Treaty of Versailles it was mandated to New Zealand. Shortly before the outbreak of the second world war General Hart, the New Zealand Administrator of that territory, reported that because of its land system "poverty cannot exist."

The same is true of the Friendly or Tongan Islands where every man on reaching the age of 16 becomes entitled to a certain area of land against payment of an annual duty. This area is enough to support him and his family in independence, with the result that the community is prosperous. There is no need for charity or doles. Furthermore, the islands, so far from having a public debt, have a surplus, which is invested in British Government Stock.

In Canberra, the capital of Australia, all land is held under long lease subject to a rental based on a percentage of the capital value of the land. Valuable buildings are being erected in Canberra so the system must be considered satisfactory there.

There are thus several precedents of the application, at any rate in part, of the principle of the proposed change.

23. *There would be no incentive to work.*

Those who raise this objection overlook the fact that "man's desires are unlimited." Both the European and the native want better things than they are now able to afford. That would stimulate the worker of any race or colour to help to increase production.

In any event, however, even if the objection were well founded, no one has the right to force another person to work more than is necessary to get a living with which he is satisfied. He pays his way by the work he does for what he wants. That is all we have a right to ask of him.

Few normal people enjoy real idleness over an indefinite period. The majority wish to be employed or to employ themselves. The existence of the opportunity to work, when there is no danger of exploitation and each worker can feel that he will receive the full product of his labour, will afford at least as effective an incentive to do useful work as does to-day the fear of want and insecurity.

24. *The proposed system is Utopian and idealistic.*

It cannot be "Utopian" in the proper sense of that word because it has been adopted, at any rate in part, in several countries. If the word "idealistic" is used to mean that the change is not feasible, then again the answer is that it has been already successfully applied. If it is used in the sense that the results of the change would be too good to be true, it can again be shown from the experience of those same countries that the predicted results are not an overstatement.

We all tend to dislike and distrust any change in our habits of life or thought. This leads us to resist it and look for reasons to justify our resistance. But what is proposed is essentially practical and feasible. The mechanics of carrying it out will be easy to devise and apply. The real difficulty in attaining it lies in the apathy of the electorate which consists largely of people who do not wish to have to think. When that apathy is overcome and the public wants its better world and thinks out how to get it the change can be easily brought about.

Those are the objections which are raised to the proposed change. We have seen that they have no substance. Some of them may be raised in some other form and so at first sight appear to be new, but those set out would seem to be all that have been advanced. The reader is advised when he meets with any objections to the proposed change to consider them in the light of the simple unchallengeable facts that we are land animals who derive all our material needs from the earth; that anyone who withholds from anyone else the right to use the earth is causing unemployment and want; that idle land means idle people; and that whenever, in any country, in any age, there has been easy access to land and its natural resources the people have been prosperous. If he keeps these facts in mind he will be able to see for himself the fallacy in any objection that may be advanced against what is now propesed.

It should be remembered that no claim is made that the proposed change will bring about the millenium. What is claimed for it is that it will set human beings free to use and develop their faculties and that this and the individual freedom which will flow in all spheres of life will make possible, if not easy, the solution of all those many social and economic problems which baffle us to-day and drive us to adopt bureaucratic methods of control and interference with our liberty. The change will mean the laying of a true and sound foundation on which we shall be able to build a national structure of which we may rightly be proud.

PART III. — THE APPLICATION

Chapter 11. — OUR NATIONAL INCOME

Our national income is all we have to live on. It consists of all we have produced in the year. Out of it we must provide for capital to replace worn-out equipment and to carry out and expand our productive work in the following years. Out of it, too, we must pay interest to overseas creditors for the loans they have made to us. On the remainder we live.

It is obvious, therefore, that the national income is at all times a matter of the greatest importance to everyone of us. If it is inadequate to meet the needs of the people some of us, if not all, will have to go short. It will be only by making it large enough and seeing that everyone can have an adequate share that we can have our Better South Africa.

As our chief needs are food, clothing, and housing it is in the first place of them that our national income should consist. We should produce enough of them or of goods we can exchange for them. At all times they remain the important items in our production. We might quite well have a national income derived mainly from the production of luxury articles. They would give a few rich people everything they might wish for while the masses remained poorly fed, badly clothed, and housed in slums or holes in the ground. No sane person could defend such an arrangement. Or we could produce large quantities of munitions or the products of secondary industries and in this way have a large national income, but the people would starve unless they could exchange those products for food. That is why in war-time we seem to be rich and we have a food shortage.

Our national income has never yet been large enough to allow all of us to have all the necessaries of life. Our current total national income has been estimated at about £480,000,000 a year. This is equal to less than 2/6d. a day for each of our people of all races. As certain quite substantial deductions must be made from that amount for savings for capital and for paying

overseas creditors, there is, thus, considerably less than 2/6d. a day available for meeting all the needs of our people.

If all of that were available for food, clothing, and housing it would still not be enough to give everybody the quantity and quality of them that he needs. Instead of its being available for those necessaries a large portion of it is spent on luxury articles, food for racehorses, de luxe motor cars, elaborately appointed flats, extravagantly ornate furniture, jewellery, and so on. The result is an inadequate supply of necessaries for the great majority of the people. Because it is too small our people suffer from want and anxiety and malnutrition. It is too small because our people are unemployed or only partly skilled or even unskilled. To have enough for everyone and to end unemployment we must produce more of the things we need.

It need hardly be said that it is no use increasing by inflation the mere money value of our national income. To make goods worth £1 worth £2 does not increase the supply of those goods. It merely gives the same amount of goods a new price label. Nothing will suffice except to increase the supply of them, that is, to produce more.

We have during the war and before it piled up a very large national debt. It would be wrong morally and from the point of view of expediency to repudiate it. We must be prepared to pay it. In so far as it is held by our own citizens it merely amounts to distributing to those who hold it a larger share of the national income than their labour in the year it is produced would have yielded them. If while paying them the interest on the debt we want to see all our people properly fed, clothed, and housed, we shall necessarily have to increase our national income still further by production. In so far as the debt is held overseas, we shall, in order to pay it, have to export produce which is part of our national income.

One unfair form of distribution of that income which the proposed change would end is the grant to land monopolists of the rent of land. That will be stopped whether it now goes to local or overseas monopolists.

Chapter 12. — MINING

The principal branches of mining in the Union are coal mining, diamond mining, and gold mining, all of which are carried on on a large scale, mainly by companies.

Our mineral wealth was described by the Industrial and Agricultural Requirements Commission as "impressive." Some years ago the then Government Mining Engineer stated that our base metal and mineral resources were even more valuable than our gold.

Gold mining has for over half a century been the central factor in the economic structure of the country. Most of the capital employed in it came from overseas.

Under the Transvaal Gold Law "the right of mining for and disposing of all precious metals is vested in the Crown." A similar provision in respect of precious stones is contained in the Precious Stones Act of 1927. The right to mine for precious metals may be handed over by the Crown to those persons who have pegged claims on proclaimed land, a small licence fee being payable in respect of each claim, or the Crown may lease the exclusive right to mine, or it may establish a State mine.

Thus the principle underlying the plan now put forward, that of the dominant right of the community to the natural resources of the country, is recognised and laid down by our law in respect of the precious metals and stones in South Africa. The proposed plan would mean, therefore, merely a full application of what is already an accepted principle.

Gold mining as carried on on the Witwatersrand at deep levels and diamond mining on the scale of that at Kimberley or the Premier Mine cannot as a rule be undertaken by a private individual. It requires vast quantities of equipment and large sums of money before a mine can reach the producing stage. Only companies with large capital or the State can undertake mining on such a scale. As yet the State has not engaged in mining but has left large scale mining in the hands of powerful financial groups able to raise the necessary capital.

In view of the importance of gold and, to a much smaller extent, of diamond mining, in the economic structure of the country, those groups have inevitably exercised a powerful influence on the political development of the country and on its social and economic policy. Any proposed change which may reduce or deprive them of that influence will be strenuously resisted. The proposed plan would undoubtedly affect their control over mining rights and mining policy and the measures necessary for carrying it out.

The normal procedure for establishing a gold mine is for a financial house to acquire the right to mine a number of claims. It then forms a company and raises the necessary capital to work the mine. It sells its claims or its lease from the Crown to the company. When the public has taken up the shares which have been offered for issue, the company commences mining operations. As many gold mines must be worked at great depths the capital required for bringing a mine to the producing stage, quite apart from the large sums which must be paid to the vendors of the claims or the lease of mining rights, is considerable. A long period, two or three or even more years, must elapse before gold is produced out of which dividends can be paid. The cost of the work of development during that period must be advanced out of the subscribed capital.

The valuation of mining land cannot be made as accurately as can that of the potentialities of the surface of the land. We cannot see the gold reef or the coal seam as a whole and we cannot be sure of its being uniform in richness or how far it may continue. In mining leases this has been met to some extent by making the payment for the lease depend on the profits earned. That this has left enormous gains to the shareholders is shown by the prices on the Stock Exchange of the shares in gold mining companies which are carrying on under leases. Thus 3/6 shares in the South African Land and Exploration Co., Ltd., have not been quoted at less than 50/- each for a considerable time.

If the principle of the State ownership of the right to mine were effectively applied the gambling feature of gold mining would then almost entirely disappear and it might become difficult to raise by public subscription the money required for large scale deep level mining. Full weight must be given to that aspect of our problem.

Any scheme based on the sharing of profits from mining is liable to be abused because those conducting the mining operations may be tempted to pick out the eyes of a reef in order to get the maximum amount of profits quickly. Though the proposed plan could be applied, subject to that and perhaps other risks, it is suggested, as an alternative to the present large scale mining by privately owned companies, that one or more public corporations be set up to which would be entrusted all such mining of gold, coal and diamonds. These corporations would be run on business lines with the best available mining skill at their disposal. The profits would be paid over to the State.

Under that suggestion a mining trust consisting of a number of the most outstanding mining engineers and other necessary assistants would be set up for a district. It would buy out the existing mining companies with funds to be provided by the State. The purchase price of each mine would be the unexhausted value of its plant, equipment, and works, which is its true capital. Under the principle on which the plan is based that is all that would be saleable in the mine.

The persons who to-day wish to use their control of financial institutions to form mining companies would probably show very little interest in mining when they could no longer make very great fortunes out of the control of mineral rights. Consequently they could be expected readily to agree to sell, at a fair valuation, their interest in that real capital in the mines. Those who would not so agree might be allowed to continue to carry on mining on the basis of their receiving nothing from the profits of their mining beyond a fair rate of interest on the unexhausted value of their plant and equipment.

The fact that controllers of investment finance would no longer take any interest in mining would be no loss to the country. They do not put the gold, or other mineral values in the land. They are not skilled mining men. The only purpose they serve is to collect the money of investors to start mines. For the risks they take which, with the modern methods of prospecting and advances in geological knowledge are no longer serious, they receive unnecessarily high returns. Many have made fortunes. Those risks could safely be taken by public mining corporations of the type now suggested.

As an illustration of the great returns which are often received by shareholders in mining companies we may quote the facts in the instance of the new Blyvooruitzicht Mine. The company to work this mine was formed shortly before the war with an authorised capital of £2,950,000 in 5,900,000 shares of 10/- each. The price of the shares fell in 1940 to 2/3 but in October, 1944, it rose to 125/-. At this latter price the value of the shares in the company was over £36,000,000, an increase of more than 1,100 per cent. over the authorised capital. That increase has taken place despite the taxation which has been levied on the mines, including the special war taxation.

The persons who obtained the lease and floated the company received £450,000 for themselves. If the vendors took shares for that amount they would now be worth over £5,000,000. Those persons rendered very little service in return for that enormous sum.

It may be urged that the Blyvoor Mine is particularly rich. That may be so. But there are many other mines which may be compared with it. Thus the shares in the South African Land and Exploration Co., Ltd., referred to above, which were issued at 3/6, stood in September, 1944, at over 65/-, which represented an increase of more than 1,700 per cent. over their issue price. Also the shares in an old leased mine, Government Areas, which were issued at 5/- stood at the same date at 36/-, an increase of 600 per cent.

The point one can make from such facts is that the risk of gold mining can profitably and safely be taken by public corporations acting on behalf of the community.

It should be noted, too, that the public does not benefit from Blyvoor's 10/- shares being sold on the Stock Exchange at 125/-. All the profit of that rise goes to private individuals and in no way assists the mining operations of the company. All that such profits can do, beyond enriching a few shareholders, is to encourage people to put money into new mining ventures. But, as all money that would be needed for opening up new mines could easily and profitably be set aside by public mining corporations, out of the profits from working the existing mines which they would take over, there would be no need to look to private investors and, therefore, no need to encourage them to invest their money by giving them huge profits out of public property.

As shares in mining companies would become worth only what they represented in true capital, they would have in actual practice a fixed, unvarying value and would offer no scope for gambling or speculation. As a result the Stock Exchange would lose most of its reasons for existing. Those persons who in the past lived out of using their wits in gambling in shares would have to turn their intelligence to something productive to make a living.

The examples quoted above were taken from gold mining companies. The method of conducting the mining of gold through public corporations would be equally suitable in the mining of coal and diamonds and of base metals and minerals which require for their exploitation large scale operations and the employment of large sums of money.

Not all mining, however, need be on a large scale or require large amounts of capital. For mining which could be profitably carried on on a small scale we could well agree, in the interest of the encouragement of private initiative and enterprise, to allow individuals, singly or in small groups, to carry on mining for their own benefit. They would be required to pay to the State a duty for the land in which they wished to mine, the amount being fixed so as to leave them a fair rate of interest on their true capital and a portion of the return from the minerals obtained sufficient to encourage them to develop the property in a way most beneficial for the welfare of the community. Prospecting should be encouraged and generous rewards should be offered to discoverers of metals and minerals in payable quantities.

The position of the diamond diggings would present some special features. The terrible conditions that exist there to-day need earnest attention. Under the proposed plan most of the diggers could be expected to take advantage of the openings that would arise for making a satisfactory living elsewhere. Those who remained would then offer a much less formidable problem than that which faces us now.

That much mining can be sucessfully carried on with very little capital has often been shown both in South Africa and elsewhere.

During the great depression of the 1930's a number of workless miners took over some abandoned mines in Ohio, U.S.A., and produced what was known as "bootleg" coal. Their efforts were enough to make it possible for them not only to make a livelihood for themselves and their families but also to provide work and sustenance for communities totalling 100,000 people.

Because of the obligation to pay to the State a duty equivalent to the annual value of the mineral potentialities of his land no landowner would be able to obstruct the mining of it. He would have either to work it himself or leave it free to someone else who wished to work it. He would, of course, be entitled to adequate compensation for any of his improvements which might be damaged or rendered useless by the mining of his land.

As a result many small scale mining propositions would become available and miners, who to-day must work for large companies as employees, would see and seize opportunities to undertake mining for themselves, either individually or in groups.

By leaving their present jobs for that purpose they would lessen the competition for jobs among those who remained there as employees. These would in turn be able to insist on satisfactory terms of employment and the employer would have to grant them, provided they did not exceed in cost the value of the employee's work. If he refused the workers would be free to depart and work for themselves and he would be left without employees. In those circumstances their position would soon become such that they could claim and get the full value of their work for the hours they were willing to work. In this way, and in fact in no other, miners would be able to gain for themselves a state of affairs in which they would be free men, able to obtain good earnings and good working conditions with the provision of every well known protective or safety device in their working places.

Under public mining corporations there would be no incentive to resist the adoption of the most effective preventive measures against accidents or miners' phthisis or to cut down the compensation which would be given to victims. The reasonable basis for compensation should be that of placing the victim, as far as money can do it, in as financially favourable a position as he would have been had he not met with the accident or contracted the disease. If as a result of either he should have lost his life his family should be provided for as if he had lived on with unimpaired health and vigour. In no instance should there be any question of a means test when the amount of compensation was being arrived at.

Our mining industry has been carried on with the help of large numbers of "unskilled," low paid natives, who are brought from the Native Reserves

or from territories outside the Union to work for spells of approximately twelve months out of each two years.

With the introduction of the proposed plan and the increased demand for the services of those native workers who are available for industry, the supply of them for the mining industry would probably be much reduced and those who were willing to work in the mines would have to be attracted there by wages and conditions much better than those now existing.

Just as with farming so with mining it would be necessary to increase the skill and the efficiency of native workers to make up for the reduction in numbers. We should have to train them so that the output of effort and skill of each could be the best of which he was capable.

Another way in which output and efficiency could be increased would be by the greater use of mechanical means. So long as native workers could be obtained at low wages the incentive to instal expensive machinery was lacking. It has often been contended by the heads of the mining industry that if it had been economical to use more machinery in the past they would have done so. The fact remains, however, that many mechanical processes have been introduced very tardily. A statement in this connection, made by Mr. R. S. G. Stokes, consulting engineer of one of the large mining groups on the Rand, supports that statement. According to a report in the "S.A. Mining and Engineering Journal" of December 21, 1935, of an address given by him, he said:-

> "There has been a great tendency to use scrapers in flat raises of moderate length. Scrapers have been used occasionally in the Central Rand where heat conditions have been particularly severe. With any return of native labour shortage, scrapers or shovel-loaders are likely to be more widely and advantageously employed."

It is reasonable to infer from that statement that mechanical aids such as scrapers and shovel-loaders could, in 1935, have been more widely used than they were to save human toil and that the reason why they were not being used was not any greater expense but the abundance and cheapness of native labourers.

If such mechanical aids had to be introduced and were more expensive than human labour it will be said that some of the low grade mines would have to cease working. That may be so but it is more than likely that, under the pressure of necessity, improved methods of working and new economies would allow them to carry on even with a shortage of native labourers and the use of such aids. It might even be at times a matter of public interest to subsidise the production of gold at a loss for a while.

The main reason put forward to-day for maintaining low grade mines in production is the fact that they give employment. When a lack of jobs is a serious national problem that is an important factor but when, as under the proposed change, there would be no shortage of employment, the present need for working an unnecessarily low grade of ore would disappear.

With the reduction, however, in our general cost structure which would follow the abolition of all taxation and the destruction of the speculative and monopoly value of land, the cost of mining would be much reduced. The reduction might well be more than sufficient to cover any increased cost due to the introduction of machinery and the payment of a higher rate of wages than now prevails.

In the proposed conditions of working and management of the mines low grade mines would no longer present an effective argument, as they do to-day, for keeping down wages. Wages would be stabilised at the value of the work of the worker and would not be determined, as they often are to-day, by any alleged need to keep particular types or branches of an industry in operation. The present method which keeps wages low has been a source of immense gain to the owners of mines with high grade ore. In future the workers would get the full value of their labour and the community would get the value of the gold in the land.

Our present system of mining taxation makes taxes payable only in respect of working mines. Unused mineral-bearing land goes practically free. Anyone who undertakes to open a new mine requires to be assured of the tax in addition to his profit. The higher the tax the greater is the urge to cut down wages.

Most of the current suggestions for getting more public revenue from mining take the form of proposals for steeper taxation of the profits of working mines. This can readily be resisted by holding mining land out of use or by closing down low grade mines as unpayable or by rejecting low grade ore and picking out only the rich ore. All those difficulties would be avoided by the proposed change.

As the gold is in the land and its presence and quantity are independent of anything mining financiers or speculators can do to it, the proposed change, by making it possible to finance new mines out of the proceeds of existing mines, would not only not limit mining but would greatly encourage its expansion.

Chapter 13. — FARMING

As food is the first necessary for life the State has devoted a great deal of attention and given much assistance to the agricultural industry which produces it. That assistance has cost the country many millions of pounds. In some branches of farming the cost has been more than their total wage bill and, in some instances, this added cost has itself been more than the price at which the products could have been imported from overseas.

To encourage farming in South Africa and to help it to keep up production at its present level, a level which is quite inadequate for our needs, the State has granted subsidies to aid production or to cover losses on products dumped overseas; it has passed legislation to reduce the interest on farmers' bonds; and has then paid part of the lowered rate out of public funds; it has established a Land Bank and assisted land settlement; it has expended on irrigation schemes many millions of pounds, the major part of which has always had to be written off; it has prevented in various ways the importation of agricultural products so as to keep the local market for such goods for our own producers; it has artificially raised prices by levies and special legislation; and it has set up Marketing and Control Boards which can and do restrict production.

Despite all that expensive aid to agriculture the farming industry before the war was in a desperate plight. What those engaged in it liked to call the backbone of the country was crippled and bent. During the war the high prices of scarcity have made a number of farmers wealthy but no one considers the farming industry is sound or healthy. The prospects for it after the war are not likely to be any more favourable than those which farming had to face after the last world war.

It is clear that the measures that have been adopted in the past have failed to make farming a sound backbone in the body economic. As they have failed hitherto there is no valid reason for expecting similar measures to be successful in the future. Yet that is the expectation on which our Governments seem to act.

We ought, as we well could do, to revive farming and restore it to its rightful place as the most essential industry of all.

Speculation in farming land has been rife. It has made the price of the land far exceed its real productive value including the added value given to it by the numerous services and aids provided by the Government. Con-

sequently, would-be farmers are often actually worse off because the Government has provided them. That is why, despite everything that is done to help farming, it has grown economically weaker and more unsound. That is the reason, too, why, although the price of farm produce has constantly been rising, farmers are still unable to make farming pay. When prices of their produce rise the price or rent of land rises too. The farmer thus cannot retain the benefit of the higher prices. Only the landowner gains from the consumer having to pay them. It is not the farmer but the land speculator who benefits also from Government help. The good intentions of our legislators do not prevent that.

The proposed remedy would place agriculture on a sound basis. The farmer could have an unbonded freehold title to the land on which he farms and be guaranteed a market at remunerative prices for all he could produce. At the same time he could be in a position to pay his helpers a satisfactory wage.

When once we have put farming on a sound economic foundation it will not need any adventitious aids. It should always be free and be encouraged to adopt co-operative or other measures to help in the actual work of farming and in the disposal of its products.

The system of control boards aims, in effect, at creating an artificial scarcity so as to keep up prices. That in itself is a tragic mistake because we need much greater production of farm crops than we have ever yet had.

The output of farming products cannot be stabilised. It depends upon too many unpredictable factors, such as climatic variations and the skill of those engaged in production, to say nothing of plagues and pests. There should be no restriction of production and certainly no destruction of food that is fit for consumption.

The proposed remedy, by ending unemployment, would establish a profitable and permanent market for all and more than all that our farmers could produce. But in case there should still be a fear that that might not be so and that the abolition of control boards would lead to a ruinous drop in prices we could include, in the plan now put forward, an undertaking that the Government would purchase at a reasonably profitable price, depending on quality and grade, everything our farmers produced and which they did not wish or were not able to dispose of through the ordinary selling channels. There would be no compulsion on them to sell to the Government agency, but its existence would guarantee to them a secure market.

If it should become necessary to set up such an organisation it should take the form of a collecting and storing agency constituted on the lines of, say, the Electricity Supply Commission. It should allow the distribution of the produce through wholesalers and retailers. Their knowledge of and ability in distributive work should be available for the protection of the public and be a safeguard against mishandling and waste.

The proposed new system would prevent the rise or continuance of any form of monopoly and in that way would protect the consumers from the extravagantly high prices which they now often have to pay. In any event there is nothing in the plan to prevent any measures which are now considered desirable being adopted if, when it has been put into effect, they are still believed to be desirable.

There are many problems which to-day cause our farmers trouble and anxiety. None of them is insuperable when once we have removed from the path of production the obstacle of land monopoly. It is not necessary to refer here to all of them. Reference may, however, be made to some of the more important of them.

Many of our farmers have as a result of high land prices often been compelled to "mine" the soil and exhaust its fertility. This has further accelerated the speed of soil erosion and made it difficult for farmers to take

necessary protective measures against it. Many farmers, until there has been created a strong public opinion which will demand careful and prudent use of the soil, will need a restraining influence on their methods. This could be devised and enforced by local committees of farmers with the addition of any trained workers who are available to advise them. The Committee on Reconstruction of Agriculture considers that some body representing the Government should be in a position to prescribe conditions in farming for the enforcement of measures to combat the destruction of the soil. It is clear that we cannot let our present methods, which are destroying our soil, continue even if we maintain our present system.

The procedure of using local committees to achieve proper use of the soil could be adopted and developed with a minimum of interference with the independence and powers which our present freehold title confers.

Farmers to-day are dependent on the availability of a large number of native labourers. With the poor standard of education and training which these workers have hitherto attained their level of efficiency is low. It must be remembered that the evidence in this country and elsewhere is overwhelming that cheap labour is expensive. In so far as it may seem cheap the benefit of that will have helped to raise the price of land and so further to cripple farming and other industries. But there is a great shortage in the number of available cheap farm labourers. There seems no prospect of that shortage giving place to a plentiful supply. In fact, there is much likelihood of its growing more acute. If that is so we must face the fact and take what steps we can by new methods to meet it. We shall have to reduce the need for large numbers of poorly trained workers. A number of things can be done to this end.

As we must accustom ourselves to a smaller number of natives being available for farm work than we had considered necessary in the past, we shall have to look for substitutes for numbers. One step will be to train our native workers to be more efficient so that one trained worker may be able to do as much as two or more untrained workers have done in the past. That may be achieved in two ways, one by a better application of the individual worker's own physical activity and the other by helping him with machines.

The first of these methods will involve some expense for the training of farm workers and in paying them a higher wage than that which is paid now. The second will require various types of machinery and improved farm equipment.

In the training of the workers it will not only be important that they should be able to read and write so that they can carry out written instructions, but also that they should learn to be farmers. They must be taught the principles of agricultural methods and the reasons for them and their application to special conditions. They should also be helped to know how to use and make minor adjustments and repairs to the machines and tools used on a farm. This latter form of knowledge would be essential for attaining the benefit of the use on farms of the new mechanical equipment.

There seems no doubt that the output per head of those engaged in farming is lower in the Union than it is in many other countries.

The number of workers needed in herding animals could be reduced by the provision of more fencing material for paddocking and by piping water for them, or, in dairying, by the greater use of milking machines. More ploughing could be done by the use of tractors. The provision of electric current could be made to reduce much of the drudgery on farms.

It would, however, be necessary to provide for maintaining the fertility of the soil in all circumstances. Tractors yield no manure and, therefore, animals should be kept to nourish the soil. The preparation of compost to provide humus is essential for that purpose.

In addition to the foregoing measures for reducing the need of a large supply of native workers much could be done by co-operation among neighbouring farmers by a pooling of effort and equipment.

Other methods of saving human labour in farming may suggest themselves to the reader. There is nothing in the proposed plan which would preclude the adoption of any desirable new methods.

For the provision of mechanical aids to farmers without their being required to bear the initial, heavy, capital expense of buying machines for themselves, we could set up "machine stations" at suitable points throughout the country. There the various machines that might be considered necessary would be kept in the care of trained mechanics, who would take them to the farmers, where and when they were required, and operate them there. The farmer would be asked to pay for the hire of them at what they cost the body in charge of them. Such payment could be made either in cash or by a portion of the crops. Mechanical aids in reaping and harvesting could be rendered on this basis and so could motor transport to the railhead or to market. The cost of these services to the farmer would be low and much of the labour he now requires would thus become unnecessary.

Workers trained for farms in the way suggested above would naturally not be satisfied with the present wage level. They would want, and their qualifications would justify their demanding, higher wages and a higher standard of living than they now have. In the conditions prevailing before the war farmers could not afford to pay higher wages. But under the proposed plan they would be much better off. They would be assured of a permanent market for their produce at a remunerative price. At the same time their cost of production would be considerably reduced. They would, thus, be in a much better position to pay a satisfactory wage to their new labourers, who would be fewer in number than those they now require but much more efficient.

In time it might be possible to establish in rural areas some types of industry, especially in the handling and processing of agricultural products. Then many workers might be engaged for part of the year in those industries and be available for the remainder of it for work on the farms.

What has been said above indicates some ways in which the definitely growing shortage of workers may be met. There may be many other ways, too, but they can only be effective in so far as they increase the training and efficiency of farm workers. It is certain that our farmers will never again have an abundance of low-paid unskilled workers whom they can continue, as in the past, to use wastefully.

It is not necessary here to go into detail about the developments which are desirable in agriculture. The proposals which are made would when adopted set farmers free from anxiety about markets and enable them to devote their attention and skill to the best methods of farming, compatible with the conservation of our soil for the benefit of the succeeding generations who must live from it.

With the abolition of land monopoly all that is good in the recommendations of the Committee on Reconstruction of Agriculture could be carried out and also any other measures which might from time to time find favour with our agricultural experts.

That Committee condemned the growing of wheat on unsuitable land. The growing in a number of areas of sugar cane has also been strongly criticised by writers on agriculture in South Africa. Under a system of free production and free imports, such as is proposed, we should probably grow a much smaller proportion of the wheat and sugar we require than we now do. During a reasonable period, to allow the producers of those commodities to adapt themselves to a different use of their soil, subsidies or bounties might be paid to them. To provide for our needs in time of catastrophe, like the outbreak of a war, we should see to it that adequate stocks of wheat and sugar were stored in the country to keep us going until we could revert to a renewed production of what we require.

The abolition of customs tariffs and other forms of interference with free importation of goods would make it unnecessary to fix maximum prices. They would never exceed those at which the goods in question could be imported. For the reasons and in the circumstances set out in the chapter dealing with commerce and industry it might be necessary at times to guarantee a minimum price to producers, though this should be resorted to only in very special circumstances.

To guard against lean years and a shortage of important foodstuffs, public corporations should be set up to acquire and hold stores of them sufficient to meet any need that might arise. Cold storage facilities and dehydration plants should be made available to assist the provision and maintenance of such stores.

When a flood or a drought or other disaster affects the production of foodstuffs in one part of the country the price to consumers rises. This does not benefit producers who have lost their whole crop through the disaster, because they have nothing left to sell, but it puts unearned profits into the pockets of those whose crops were untouched by it.

Fluctuations in prices, because of variable natural conditions which may destroy crops, wholly or partially, could be prevented by the introduction of a system of insurance against loss caused by such conditions. It would not be impossible to devise the necessary safeguards against dishonest claims. There is no reason why a farmer should bear alone the loss of his crops through, say, a locust visitation, than that an industrialist should bear the loss of his factory by fire. As a result of such an insurance scheme consumers could by that and the other measures suggested above be protected against unnecessarily high prices.

The farmer's main job is the production of crops. Their disposal to consumers should not normally be his concern. Just as the industrialist finds he has quite enough to do in producing his goods and, as a rule, relies on the skill and knowledge of the merchant to attend to the disposal of them, so the farmer should be able to rely on the experience of distributors for getting his produce to the consumers at a price satisfactory to him and them. For reasons which have been set out elsewhere the distribution of farm produce became chaotic and producers often found that, on sending their wares to market, instead of receiving some return for them, they were out of pocket. When we begin to end poverty and so provide a purchasing market for our farmers' produce most of the difficulties now occurring in the sale of it will fall away. The proposed plan would not preclude, but would, in fact, assist, the introduction of any improved methods of distribution which might from time to time be devised.

Because of the farmers' difficulties in the disposal of his produce he has clamoured for control boards to regulate prices and restrict production. The effect has been unfortunate. An artificial scarcity has been brought about and prices raised to consumers. Obviously Control Boards are not the solution of our farmers' need for a remunerative market. The trouble is due to the poverty of the would-be consumer of their produce. Control Boards actually aggravate that problem by increasing prices. They do nothing to solve it.

Chapter 14. — COMMERCE AND INDUSTRY

The inclination to exchange something one has for something one would like or needs more is natural and universal and completely free from any objection on moral grounds. The best way to induce friendship between nations is to let them trade freely and the surest way to cause friction between them is to place obstacles in the way of their doing so. Yet it seems to be

the aim of nearly all Governments to make a free exchange of goods as difficult as possible.

We are compelled to take out licences, often many of them, before we may trade; we have customs tariffs, import quotas, and embargoes to keep goods out of the country; control boards are set up to prevent production of goods and make them expensive; we have monopolies created by Government or at any rate fostered by it; and altogether our policy is one of limiting production and hampering trade. There is no apparent reason for this. We have unemployment which we are worried about and yet we deliberately limit production of the goods we need and hamper the distribution of them, processes which would give scope for the profitable employment of our people.

The position can be well illustrated by contrasting the reaction of Russia towards reparations with that of Britain. After World War I, Britain had to refuse payment of reparations in kind by Germany because that would have meant unemployment among British workers. Russia has already let it be known that she will want reparations which are to be paid in kind. So far from this being a cause of unemployment in Russia it will benefit her people and set them free to produce other goods, so helping to restore and raise their standard of living. This difference in the approach to reparations lies in the fact that in Russia there is no unemployment and no obstacle in the way of the maximum possible production of goods, whereas, in Britain, as here, there is the fear of unemployment and over-production caused, as we have seen, by the insurmountable obstacle which land monopoly offers to production.

Goods are good things. We ought to welcome them. Instead of that, something has made them seem bad things and we try to restrict their production and to keep them out of our country. It is impossible to overstate the absurdity and the wickedness of the policy we have adopted of causing scarcity.

Both commerce and industry are deeply interested in this issue. A few commercial men and a few industrialists may wax rich out of our present system, but commerce and industry as a whole suffer greatly as a result of our policy of scarcity.

Licences are meant to and do keep people out of trade. Often one hears proposals to restrict by means of licences the entry of new people into business. This restriction is a fruitful cause of monopoly and is a large factor in creating the wide gap between the price the producer receives and that the consumer must pay.

If there were employment for everyone and anyone might take part in trade, competition would see to it that no exorbitant prices could be charged for the necessaries of life. There would be no need to limit the number of entrants into any form of trade and anyone who failed in it would always have plenty of alternative occupations to fall back on.

In the interest of public health certain forms of licensing are necessary. The applicant for a licence to deal in meat or milk, for example, should be required to comply with public health requirements. If he and his premises satisfied those requirements he should get the licence without any charge. The right of everyone to trade in the community ought to be perfectly free.

Far greater vested interests are involved in the maintenance of protective tariffs than in licences. To avoid unnecessary misunderstanding and opposition by industrialists, we should provide, on the abolition of tariffs, during a transition period of a few years, for the payment of adequate bounties. The reason why the protagonists of orthodox "free trade" fail to establish their case lies in their neglect of the correlative and primary freedom, that to produce. The proposed change provides for the latter and would thus make real free trade practicable and beneficial for the country.

The subject of true freedom of trade, that is, of freedom to produce as well as of freedom to exchange, has been dealt with in Henry George's "Protection or Free Trade," which is obtainable in a cheap edition. It will

be enough to give merely the points necessary to show that with the proposed change protective tariffs would be unnecessary and unjust and that their abolition would not only not injure or restrict industry but would on the contrary make great expansion possible.

The defence of protective tariffs is usually based on one main ground, the need to provide employment for our own people. Many people add as a further justification for them that they provide a large portion of the State's revenue which the taxpayers contribute without knowing that they are doing so. In respect of this second ground it may be pointed out that customs tariffs aim at preventing the exchange of our goods for goods produced in other countries. To the extent that it succeeds in leading to increased local production, it reduces their yield in revenue to the Treasury. We cannot have both the increased employment and the revenue.

As all employment of every kind is dependent upon access to the natural resources of the country it follows that if we are to increase the volume of employment we must remove any obstacle to that access. Tariffs do not touch that problem. As a result of our making those resources available on equal terms to everyone there would be jobs for all. There is then no need or justification for protective tariffs. Protection cannot cure unemployment. Unless it increased the total amount of production it would merely lead to a redistribution of the existing national income. Obviously tariffs can do nothing to provide more jobs when there would in fact be enough for everyone without them. That in itself should be a sufficient answer to pleas for protection.

The system of tariffs is, however, so strongly entrenched that it is necessary to consider a number of subsidiary arguments by which it is supported.

One of these arguments is that manufacturers in other countries would injure us by dumping their goods here at very low prices or that, for example, the Japanese would undercut our industrialists by sending us goods made by low-paid sweated labour. Those who put forward and believe in such points should analyse carefully the words they use in making them.

No country's manufacturers will send us any goods unless they are going to be paid something for them. They will not send them as gifts to us. They may offer them to us cheap to get rid of a surplus they cannot dispose of in their home market or even as a means to destroy an industry established here in South Africa. Any evil effects of their action on our local industry could be frustrated much more effectively by a temporary bounty than by the clumsy method of protective tariffs. The cheaper the price at which they would let us have their goods the less we should have to produce and export to pay for them. As our new system would bring about opportunities for everyone to work the reduction in the amount we had to export to pay for dumped goods would not mean unemployment for anyone. It would actually mean a greater amount of goods available for our own use at a lower price and thus a higher standard of living.

We need have nothing to fear from dumping, whatever the object of the manufacturer who indulges in it, nor from the importation of goods made in countries with low wages or sweated industries.

Under our present system, which restricts the area and scope of employment a fear that dumping might deprive us of our jobs is justified. If to-day an industry exists merely because protective tariffs prevent the importation of the goods it produces, then naturally those now employed in it would be thrown out of work when it closed down. The difficulty of finding employment in to-day's overcrowded labour market might well fill their minds with anxiety.

As, however, under the proposed new system there would be more jobs than workers there need be no fear of unemployment for anyone. It is true that it is not always easy to transfer from one kind of occupation to another at short notice, but with an abundance of jobs it would be less necessary

and much easier than it is now. The provision for payment, for a time, of bounties would avoid any sudden upheaval in industry. If there were the likelihood of one of our existing industries not being able to survive and it were not of sufficient national importance to justify its being maintained at public expense, the provision of generous assistance, during a training period, to all the workers who would have to qualify themselves for a new type of work, would be a simple matter.

The number of existing industries which could not carry on without protective tariffs under the conditions of the proposed system would probably be very small. The danger of failure for any of our industries lies mainly in our high cost structure. That is not due to high wages. The wages of the great majority of our workers are very low and wages in many industries are but a small fraction of the cost of production. Taxation and high land prices are the chief factors in causing a high cost structure. High land prices not only raise costs but they also cause unemployment and therefore a weak market for the products of industry.

The abolition of all forms of taxation and of the speculative and monopoly elements in land values would greatly reduce the cost of production in our industries. It would also bring about a very substantial reduction in railway rates. The abolition of customs duties and taxation on petrol and motor cars would make the cost of other forms of transport much less than it is now. The reduction would probably amount to one-half of the present cost.

In these ways our cost structure would be cut by a very substantial amount.

Side by side with this reduction in the costs of production and transport there would be the further reduction which would be made possible in overhead costs through the presence of a much larger effective local market than we now have. Our people, most of whom must now go without much of what they need and most of what they would like, would soon be in a position to buy all they needed. After that they would begin to be able to buy more and more semi-luxuries.

But not only would there be expansion in the local market. Expansion of trade in adjoining territories would also become possible. Those who to-day speak of making South Africa a country with large secondary industries which will export their goods are really ignoring the hard facts of present-day conditions. We cannot, with our present high cost structure and very small local market, reasonably hope to be able to sell manufactured goods abroad as cheaply as can countries with well-established large-scale industries. Their cost structure is much lower than ours and their home markets enormously greater. The only way by which we can hope to equal them is by reducing our cost of production. We cannot do that and at the same time retain customs tariffs. We can do it only by abolishing taxation and high land values and by the creation of a profitable local market.

Our industries, therefore, have everything to gain by the abolition of protective tariffs when it is done in conjunction with the destruction of land monopoly.

It would not, however, be wise or expedient to abolish protection overnight. Such a course would bring about a serious dislocation in industry and business. To allow time for adjustment during the transition to a system of free imports it would be advisable to provide for the payment over a period of a diminishing bounty on goods produced by existing protected industries. The payment should be made direct to the manufacturer. The country out of its revenue from the land duty could well afford to pay the amount involved. The cost of such goods to the consumer would be then no greater than the cost of imported goods of the same type and quality. Our manufacturers would receive that price from the merchants and, in addition, the bounty. As a result of the factors which would operate to bring down production costs the manufacturers should soon be able to adjust themselves to the changed conditions and see their industries expand beyond anything they can at present dream of as likely or even possible.

Under our present system of customs tariffs everybody is taxed through increased prices, though the total number of our people who can be benefited by tariffs cannot exceed a small fraction of our population. In many protected industries to-day the cost to the country of protecting them is several times their total wage bill. It would pay us, as a business proposition, to close down those industries and pension off the workers in them for life at their full wages.

Protective tariffs are a means whereby the State takes from "A" a portion of his earnings to make a present of it to "B" who establishes the protected industry. The "A's" are the majority of the people, that is, the workers. The "B's" are the privileged few. Tariffs in fact merely redistribute our existing national income.

The Industrial and Agricultural Requirements Commission in its report, published in 1941, estimated that "the price assistance borne directly by consumers in 1939-1940" amounted on various farm products to £6,635,000. The Commission further considered that in the same period it was not improbable that the protection of manufacturing industry cost the people of South Africa in the vicinity of £10,000,000 a year.

The tariff method of giving manufacturers protection produces a wholly unnecessary profit for merchants. If, for example, an article can be imported for £1 and we take the merchant's gross profit on it as 50 per cent., the price to the consumer will be 30/-. If we impose a customs duty of, say, 5/- on the article, the price becomes 37/6, out of which the manufacturer gets at most 5/-, while the merchant gets a wholly unnecessary additional profit of 2/6. There can be no justification for that.

If we think it worthwhile to establish uneconomic industries which will require protection to enable them to exist at all, we ought to seek for some form of assistance for them which will do the least harm to the economic interests of the country. As all the old political parties support protection and those interested in maintaining and extending it are very influential in those parties, we may assume that it will be a long time before we can create a public opinion sufficiently informed and strong to reject "protection" altogether.

We must accept, then, that, despite our adherence to the Atlantic Charter, we shall have to put up with some form of protection for a number of industries. The least harmful form we can adopt will be that of paying bounties on production.

Under the proposed change that would reduce our cost structure and allow our locally produced goods to be sold at the same price as imported goods. We should, from the revenue which the land duty would yield, be able to pay the bounties. The payment of them would merely reduce the amount we should otherwise have to spend on public services and amenities. The amount of that payment would, however, be the total cost to the community and would correspond accurately with the actual development of the industry for which it was paid. For that reason it would be preferable to the imposition of customs tariffs which bear no relationship to the development of an industry and wastefully raise the cost of living for everyone and most of all for the poorest section of the community.

In considering who can and does benefit from the imposition of that burden we shall see that there are large classes which clearly cannot in any way gain anything from protective measures.

No public servant of the State, or the Railways and Harbours, or Provincial Councils, or of local authorities can gain anything for themselves from protection. Nor can mineworkers or bank officials or professional workers, such as doctors, nurses, lawyers, architects and university staffs, or building workers, newspaper workers and printers, hairdressers, shop assistants, transport workers, road workers, baking employees, laundry workers, liquor and catering employees, shoe repairers, electrical engineers, or mechanics and labourers engaged on erection or repair work.

As no one in the Union claims that protection is given for the benefit of the coloured races we need consider only the number of Europeans in those classes. In any event most natives are engaged in farming, mining, or domestic service. Few if any of those could benefit from tariffs.

According to the South African Year Book for 1941, the number of Europeans in the service of public bodies was:-

Government (1939-40)	58,000
Railways (1940)	69,000
Provincial Councils (1939) about	25,000
Local Authorities (1938-39)	24,000
Total	176,000

In the other classes which gain nothing from tariffs the number of European workers was:-

Mineworkers (1940)	57,000
Commerce and Finance (1936)	119,000
Domestic Service and Hotels (1936)	30,500
Building Workers (1936)	38,500
Professions (1936)	31,000
Others, say, (including relief workers)	50,000
Total	326,000

Of the agricultural workers those engaged in the production of wool gain nothing from protection. Nor can those producing fruit or green vegetables or milk for local consumption. In 1936 the total number of Europeans in farming, forestry, and fishing was 181,400 and in manufacturing 132,600, or a total of 314,000. One-quarter of that number may reasonably be deducted to cover wool and fresh food producers and manufacturing workers, such as newspaper printers, building workers and so on, who cannot be benefited by protective measures. We are left then with at most 240,000 European workers who can gain from them as against 600,000 who lose through them.

As a class, farmers are particularly hard hit by the high prices they have to pay for everything they need. The working farmer, as distinct from the landowner, cannot benefit for long, if at all, from tariffs or quotas or subsidies or any other similar measures. The higher prices brought about by them are soon absorbed by landowners in increased prices or rents which farmers must pay for land. It is probable that under 100,000 European workers are engaged in industries which exist only because they have protection.

As pressure has been directly exerted by the Government since 1925 on industrialists to employ Europeans, wherever possible, to the exclusion of natives, we may take it that the number of native workers who could gain from protective measures is very small.

It is clear then that neither on moral or logical or economic grounds nor on grounds of national interest, is it possible to justify the imposition on the great majority of the population of a policy of protection.

Naturally, if we now abandon that policy we should have to see that workers who might thereby suffer were properly provided for. The proposed change would do that. It would first of all make numerous new openings for most classes of workers. It would be easy for most, if not all, the displaced workers to find suitable occupation in them. Actually such displaced workers would be relatively few.

There would be none of them in farming as the increase in opportunities to work at good wages, which would become available for the town workers, would enormously raise the demand for farm products. In fact our farmers would for a long time be hard put to it to produce anything like enough to meet the needs of the whole population. There would thus be a great increase in employment in farming.

In secondary industries which are now protected the reduced costs of production, which would be brought about by the abolition of taxation and

speculative land values, would make it possible for many of them to expand. There would be few that would be unable to carry on. Those few would have time to adjust themselves to the new conditions or to change the nature of their production during the period for which the suggested bounty would be paid. And, finally, any displaced workers who needed training to enter some other industry could be given a reasonable wage during the period necessary for acquiring such training.

That the reasonable way to develop industries in a country with a small population is to expand its primary industries and simple secondary industries closely dependent on them was well shown in a statement by Mr. Colin Clark, Director of the Queensland Bureau of Industry, as reported in the *Daily Telegraph* (Australia) of September 13, 1943. He said:-

> "New Zealand has pursued a low tariff or no tariff policy and, as a result, has, relative to her population, more men engaged in primary production and much bigger exports than Australia. Her manufacturing industries have concentrated upon the processing of primary goods and upon a limited range of consumption requirements, and are much more efficient than ours. For this reason she enjoys, though we do not like to admit it, a much higher standard of living than we do, and appears to be still gaining."

If we adopt a no-tariff policy and devote our efforts and energy to developing our primary industries, farming, fishing, mining, and building, and secondary industries in which we process their products, we shall be able to attain a much higher standard of living for our people than they now have. The production locally of more complicated and more expensive articles will come naturally in time for the benefit of everyone. We have a great incentive for developing such production in the loss of time involved in importing them and in the cost of their transport from far distant lands.

The people of the Union need a greater production of the necessaries of life. The interest of commerce and industry requires it. Both those sections of the community should therefore be bitterly opposed to the present Governmental policy of creating artificial scarcity and of raising prices. We need a policy of plenty. In the interest of the whole of the people, we should abolish customs tariffs, quotas, embargoes, licence charges, control boards, and marketing boards. Their object and their result are the creation of scarcity.

One of the chief factors in inflaming public opinion against middlemen is the enormous gap between the price obtained by producers of goods and that demanded by shopkeepers for those same goods. This divergence has been greatly aggravated by the effect of the war in raising prices. Many merchants have made enormous war excess profits without any additional effort on their part, while the great majority of the workers have had to struggle to make ends meet on inelastic earnings. This contrast has angered the latter and very much strengthened the urge for Government trading and control as against private enterprise.

It is probably only a few of our middlemen who have been able to make those huge profits but it is the actions of those few that have done much to make people overlook the very necessary, in fact the essential, services which middlemen perform. It is easy, as so many people do, to talk of middlemen as parasites. Distribution of goods is, however, in our complex economic and social system second only in importance to production. The farmer may produce a fine ox but that is no use to the townsman unless there is someone to slaughter it and to cut up the carcase into joints of a size which a family can consume.

The trouble that has come upon the middleman is due to several things. Our licensing system tends to create monopolies by restricting the number of traders. As a result, some traders have been able to grow immensely rich. But many have failed. The ever-rising level of prices, due as we have seen to taxation and especially to rising rents, has made it continually more difficult for men of small means to enter successfully into the distribution trades.

This also has strengthened the tendency towards monopolies. As wages always lag behind rising costs the purchasing power of would-be customers has been reduced. This has probably hit the small shopkeeper very hard.

Few, if any, sections of the community would gain a greater relief from anxiety and insecurity as a result of the proposed change than the small struggling middleman. His life is hard and anxious at the best of times. In the true sense of the word he is a worker just as much as is any wage-earner but as he may have one or two employees he is often looked on by wage-earners as an exploiter. The proposed change would restore him to his rightful place in the community as a necessary and valuable citizen, worthy of his hire.

The abolition of customs tariffs and other forms of interference with foreign trade would end all questions of preferential treatment for any one country or group of countries. Individuals could always express and give any preference they wished but preference for any one country's goods would not be a State policy. This would remove one important present cause of political differences in the Union.

The removal of customs tariffs would also represent a substantial contribution by us towards world peace. It would help to prevent international friction. All countries would be free to supply us with the goods we wished to import and none would have any cause for complaint on the ground of favouritism or preferential treatment being shown to competitors.

It would also afford a very substantial guarantee against interference in our internal affairs by foreign powers. No one power would lightly allow another to try to force the Union to give it a monopoly or a preference for its goods.

The prosperity which the proposed change would bring about in South Africa would stimulate other countries to take the same course. In this way South Africa, which otherwise will carry little weight at the Peace Conferences or in world affairs thereafter, could play a large part in leading the world to end poverty and so destroy a potent cause of war. It will be by our doing the right thing that our influence could become great in the councils of the world — a worthy goal for us to aim at and to achieve.

Chapter 15. — FINANCE AND MONEY

Because our national income is small proposals for new or improved social services are met with the question of where the money is to come from. The majority of the people are desperately poor and very heavily taxed, mostly through indirect taxation. More revenue can be squeezed out of them only at the price of a still further reduction in their standard of living and deterioration in their health. The rich are too few to be able to pay for the new services, even if the taxation on them were raised to the extent of taking all they have. That is why "soaking the rich" will not help us materially. We can provide the new services we wish to have only by increasing the production of the goods we need.

Many people seem to think that this problem can be solved by the simple process of setting up a State banking monopoly which would issue more banknotes. But we do not eat banknotes. We eat food. Those who produce food will not produce it in excess of their own needs unless they can expect to receive in return for their work the goods they need. That is, the consumers of the food must be producers of those other goods. They buy it with those other goods. Money is merely a mechanism by which the difficulties of barter are avoided. Money without goods is useless. Merely to print more banknotes while not increasing production means inflation.

The problem of poverty is not one of money or of the control of money. It is due to a failure to produce enough goods for our needs. That is not caused by lack of money, but by lack of opportunity to work. That in turn is due to our being prevented from getting access to the land and its natural resources, which is the only place on and from which we can produce the goods we need.

The common misconception of money as wealth is behind the often-used statement that by importing goods we are "sending money out of the country." When we import anything we are increasing the supply of goods in the country. To pay for it we have to send away something produced here. The overseas producer does not want our money. It is in fact not legal tender in his country. He wants goods, wealth, for his goods. When we import an article we pay for it by production exactly as we do when we buy a locally-made article. We do not cause unemployment by importing goods. We merely make our local production more profitable by importing goods which can be produced more cheaply abroad than locally.

That banks have at times abused their power cannot be denied but they can be dealt with in a number of ways, none of which would be hampered by the proposed change. The development of industry, which it would bring about, would lead to the production of so much real capital that the banks would lose any monopoly power they may now have, as a result of restricted production, over the issue of credit.

The banks themselves do not produce goods. Their power over public finance is usually greatly exaggerated. Their profits are insignificant in proportion to those acquired in many other branches of commerce or industry. The total profits of the two large banks in South Africa in 1939/40 were together less than £1,000,000. If as is so often stated they could "make money" by mere entries in their books it seems strange that two such large and important institutions as these banks obtained such a relatively small profit. The services which they give for that amount would probably cost the country much more if all banking were carried on by a Government-owned institution. In any event it is not the banks that create unemployment and poverty. Those evils existed long before there were any banks anywhere.

Then, too, it is urged that the banks lend large sums to the Government which they create by mere entries in their books. According to the Minister of Finance the amount subscribed by the banks to Government loans for the year 1944 was £2,400,000 out of a total of £64,500,000, or less than four per cent.

The banks, therefore, are not the dangerous power they are often said to be. Their control may in certain instances be used to hamper the activities of some individuals but the effect of that in the aggregate cannot be very serious. It is not the banks which control or stifle the production of goods.

If the public were satisfied now that it was necessary to make all banking a State enterprise it could do so. Just as readily could it do so under the proposed change. In either case public opinion will decide which course ought to be followed.

As a result of our present economic system we have been saddled with a heavy national debt. Instead of financing our public services and works as we went along we borrowed large sums of money which future generations will be required to pay. This policy has led to the imposition of oppressive taxation. Under the proposed change it will be possible to finance public works out of the revenue from the annual land duty and no new public debt will need to be incurred. We should set aside every year as much as possible of the national income to redeem the existing debt on the due date or earlier if possible.

It is interesting to note that England had no such thing as a public debt until the feudal land dues there were lost to the State. The obligation to provide an army for the defence of the realm and to relieve distress among the poor was formerly a burden on those who held the land. When that obligation was removed the national debt arose.

Under our present system we are compelled not only to pay the value of land to the land monopolists but also to pay taxation to provide for the upkeep of the State. This double payment naturally impoverishes the workers of the country. But the system of land monopoly does more. By creating unemployment and poverty it makes other monopolies possible.

One form of this appears in international financial groups. These bodies have become powerful enough to control and overturn Governments. They can prevent the establishment of industries and hamper the development of a country. If a country has not the means to finance its own new projects it must look abroad for the required capital and so come under the grip of such groups.

That is how the system of exploitation known as Imperialism operated and earned the opprobrium which justly attached to it. Such a system has nothing to do with any particular race or nation or country. American, British, German, and French financiers have been guilty of it and have exercised their powers under it against not only their own peoples but equally against so-called independent communities. Examples of this may be seen in the Balkan or South American States or the Dominions. But in each of those States there is similar exploitation by local nationals as well. The word "imperialism" is often used by them as a screen to divert attention from the exploitation they are carrying on in their own countries.

Such exploitation, however, whether foreign or home-grown, will cease when land monopoly has been ended. No outside body could then control or interfere with our finances. We could produce the funds necessary for our industrial development out of the proceeds from our land duty. Our own local exploiters would also be put out of action just as completely as would the foreign "imperialists."

The destruction of the monopoly of land would bring with it the end of all monopolies of goods. No international financial group, however powerful, would be able to interfere with the use and development by ourselves of our natural resources. They are here always and independent of any foreign influence or interference. Such financial groups no longer have any say in the internal affairs of Russia. That country controls its own economic development, not because of its military strength but because it owns the natural resources of the whole country. Though we have only a small population and our resources are very poor in comparison with those of Russia, we, by the proposed plan, while avoiding the socialist system of that country, would have complete control of our own economic affairs.

That does not mean that we should aim at self-sufficiency and cut ourselves off from the rest of the world. We should try to develop our overseas trade as much as possible. Overseas cartels and other forms of monopolies might, as they can do now, make us pay higher prices for some goods we wished to buy than should be necessary, but if those prices were too high we should in time either go without those goods or begin to make them here or invent substitutes for them. We should in any event be free to carry on our own business in our own way despite such cartels or financial groups.

Chapter 16. — NATIVES

The Colour Bar Social and Economic

Few social or economic questions in South Africa have called forth so much emotionalism and been given so little clear thinking for their solution as has that of the relationship of Natives and Europeans. The approach to it has for the Europeans generally been governed by fear — first, in the early years of the 19th century, fear of armed raids against frontier settlers, and

then when the warlike power of the Natives had been finally broken, fear that they would swamp the whites, socially and economically. Effects of that early first fear still persist in some areas, but it is the latter form which is now serious and which clouds the Europeans' capacity to look dispassionately at the question of the relationship of the two races.

The two main forms in which the present-day fear of the Europeans shows itself are the fear of miscegenation and the fear of economic degeneration. The former is the cause of the social, the latter of the economic, colour bar. No plan for South Africa which does not take account of those fears can hope to be considered. They have to be treated as facts of the first importance.

There are stringent legislative provisions and penalties against miscegenation. Fortunately there appears to be little desire for it among either the Europeans or the Natives when they are able to live the ordinary normal lives of their races. It is in the unnatural conditions in the slums in our towns that the temptation and the danger chiefly lie. The obvious incentive to miscegenation is proximity of the different races in the absence of attainable mates of the same race. These conditions exist chiefly in the quarters where the poor of all races live and are thrown into the closest proximity.

If the view is correct, that an important cause of miscegenation is poverty and the conditions of living that it entails, then any plan which will help to end poverty must be valuable in preventing miscegenation.

Even when we have ended poverty, however, that will not have made it possible to put an end to the social colour bar between the races. As far as one can at this stage forecast the future, that bar will continue to operate for some generations at least. To expect any 'weakening' in it in any period we can be interested in is, apparently, quite unjustified. That does not, however, apply necessarily to the economic bar which depends on quite other factors.

The second great fear is that the Natives will drag the Europeans down to their economic level and that if the Natives are allowed to become skilled workers there will not be sufficient jobs for the Europeans, and they will thus become unemployed. This fear has been expressed in the economic colour bar which is based more on custom than on statutory enactments. By custom, in many parts of the country, Europeans, who have had a monopoly of the opportunities to acquire the training for a skilled trade, refuse to work alongside a Native. As generally all skilled trades are in the hands of European employers the Natives can thus be and are in practice excluded from them.

This aspect of the Europeans' fear of the Natives is clearly economic, based on the fear of want and a sense of insecurity. If we end poverty and dispel that fear, we shall dispose of the reason for the economic colour bar.

Trade Union leaders often state that there would be no objection among their members to the employment of Natives in skilled jobs provided they were paid the standard minimum wage for the work. As Natives are in practice unable to acquire the training for such jobs that is nothing more than a pious opinion. Even if Natives could receive the training necessary for skilled occupations there would, under our existing economic system, not be enough jobs for everyone. The economic colour bar would operate, as it does in the United States, to keep what jobs there are for the white workers. It follows that even if, under our present system, we allowed or enabled Natives to qualify for skilled jobs they would not really be much better off than they are now.

To bring about a position of affairs in which there would always be enough jobs for all white workers would dispel their fear of want. We may reasonably assume that they would then begin to feel that they need no longer enforce the economic, as distinct from the social, colour bar.

Our white population is not large enough to carry the burden of all the skilled work needed in South Africa if everybody is to have enough of the necessaries of life. The building of houses may be taken as an example.

To-day the high price of land hampers building. When that high price disappears and land becomes available for building, it will become possible for everyone to afford a comfortable home. Then the demand for building workers will far outstrip the supply and the exclusion of non-Europeans from the building trade will no longer be practicable. The European workers will, as a result of the enormous and ever-growing demand for building, be always sure of jobs out of which they can choose those that are congenial and acceptable. Their economic position will be secure. If then the European building workers still tried to prevent the use of Natives as builders it is certain that public opinion would override their opposition.

Many of the strongest advocates for the colour bar confuse the social with the economic bar, but the two kinds are readily distinguishable. An acceptance of hard facts requires that the social colour bar must be recognised and maintained. Fortunately it does not involve any moral issue. Each one of us is entitled to choose those with whom we wish to mix socially. An economic colour bar, however, does raise such an issue. It can be supported only on the ground that it is necessary, in a system which produces a scarcity of jobs, to preserve for the white worker his standard of living. When we end that scarcity and for it substitute abundance the whole case for the economic colour bar will fall away.

In bringing about that result we shall be able to satisfy the demand of the whites for self-preservation and at the same time make it possible to do real justice to the non-Europeans. Many of the whites while they strongly support the economic colour bar are obviously uncomfortable at the thought of its unfairness in prohibiting the non-Europeans from developing and using their faculties and abilities. The prohibition runs counter to their sense of justice. When they see that it is possible to get for the Europeans, without the aid of the economic colour bar, the economic security they want, they will no longer need to have that burden on their consciences. They will be able then to allow to the non-Europeans the right which should belong to all human beings to use their ability and strength in any lawful way they may wish.

If, however, we do not take this way of justice the whites cannot long be protected by an economic colour bar from sinking still further into the slough of poverty. While injuring the Natives it affords no real protection for the whites. Our scientific investigators tell us that as a result of malnutrition due to poverty the Natives are suffering a loss of stamina. They cannot continue to be virile, active workers on the wages they receive. But they cannot be worth or be paid higher wages unless their work is more productive. For that they must be made physically stronger or be better trained or both. The economic colour bar prevents that development. Therefore Natives are poor and will grow poorer. Their poverty must in turn mean poverty for the whites.

On the other hand, employers, most of whom have a hard struggle to exist, are continually being compelled to try to reduce their wage bills. As the wages of Natives are lower than those of the white workers, there is a constant incentive for employers to substitute Natives for whites and thus to reduce the number of openings for them. This tendency is very real and must continue to operate as long as the wide gap between the customary wage level of the white worker and that of the Native continues to exist. There could hardly be a greater source of danger to the white man's economic standard than the one represented by that wide gap in wage levels.

The fact that the Native's wage level is so low has given him, apart from Government subsidised relief work, a virtual monopoly of unskilled work. As his wage is one on which a European cannot exist this presents an insurmountable obstacle to immigration by Europeans unless they possess a substantial amount of capital on which they can live at a European standard while they are seeking employment or trying to found a successful business.

It is thus in the true interests of the Europeans that the non-Europeans should be helped and encouraged to improve their standard of living. The greater the amount the non-Europeans produce the greater will be their effective demand for the products of the work of Europeans. The prosperity of each section is dependent on that of the other. It is indivisible. An individual business may earn increased profit by being able to get workers at a low wage but the country as a whole suffers through their standard of living being depressed and their capacity to buy the products of industry being reduced.

In farming and mining, the shortage of native labourers can be made good only by training those natives who are available to be more efficient and by the provision of mechanical aids.

Segregation.

Segregation is a blessed word among those who do not wish to take the trouble to think about the economic and social relationship between Europeans and non-Europeans. It gives great scope for the emotionalism of those whose only concern is the social colour bar.

Segregation may mean a number of things. It may mean a complete separation of Europeans and Natives, each section being allotted an area where its members are to live and work, without coming into contact with the other race. Even the most extreme segregationists reject this form as impracticable.

It may otherwise mean any one of an almost infinite number of degrees of separation. It is not necessary to consider in detail any one form. It is sufficient to note that it is now generally accepted that, for better or for worse, a large number of Natives are confirmed urban-dwellers. They have lost all contact with tribal life and tradition. The European-controlled industry of the towns is dependent upon their labour. The economic inter-dependence of whites and Natives is a fact which must be regarded as permanently established. The efficiency of urban industry depends largely on the efficiency of the Native workers in it and, therefore, demands the presence in urban areas of a resident native population as distinct from a migratory population of casual labourers.

It is probable that the prosperity which the proposed change would bring to the Natives as well as the whites would induce a number of them to return to and live permanently in their home areas, that is, it would bring about a form of voluntary segregation. The poverty and taxation which at present operate to force them away from home to seek work among Europeans would no longer exist and they would be free to remain among their own people. On the other hand, the greater opportunities for acquiring training and skill for their jobs and consequently receiving much higher wages and better working conditions than they now have might induce a large number to remain on in urban areas unless and until industries were developed in the Native reserves.

The abolition of land monopoly would make available the land necessary for the settlement of Natives who might wish to return to their tribes, while it would also make available without cost the land necessary to provide suitable areas for the residential and other needs of Native town dwellers.

In both such areas it would be necessary to provide expert assistance to enable the inhabitants to make full and proper use of the land and to establish any industries they might wish to undertake. The best advice obtainable should also be at their disposal to help them in the provision of housing, education, local self-government, and any other necessary services or amenities.

Such measures as are here suggested would end the festering sores presented by places like Alexandra Township and the over-crowded areas on the Cape Flats and enable us to prevent the occurrence in the future of any other places like them.

The Protectorates.

The South Africa Act contemplated the eventual incorporation of the Protectorates in the Union but so far, despite a widespread desire among European citizens of the Union for it, this has not taken place. The attitude of the British Government, which controls and administers them, has been that it cannot agree to their cession until their Native inhabitants agree. Among the chief obstacles in the way of obtaining the consent of those inhabitants are their fear that they will be deprived of much of their land and their dislike of the economic colour bar.

Both of those obstacles would in time be removed by the proposals now put forward. On the abolition of land monopoly there would be ample land in the Union for all the needs of all our people and there would be no cause for the Union to covet land in the Protectorates. There would also be so much scope for the development of all forms of industry that the factors which gave rise to the economic colour bar, principally the fear of want and unemployment, would have disappeared.

Thus the proposed change would make it possible in the relatively near future for the Union to satisfy the Native inhabitants of the Protectorates that the ground for their objections had been removed.

A further factor in bringing about a willingness to be incorporated would be the beneficial results which would accrue to Union Natives from the proposed changes. Those results should soon be apparent to everyone and might be expected to influence the inhabitants of the Protectorates to favour incorporation in the Union.

Chapter 17. — COLOURED PEOPLE AND ASIATICS

The Coloured People.

The social colour bar applies also against Coloured people and Indians. The economic colour bar, however, though strong, is not so universally strong against the coloured people in the Western Province of the Cape, as it is against the Natives throughout the Union. In Cape Town and its environs many occupations are largely in the hands of Coloured workers.

In unskilled occupations, the Coloured people have been hard hit. Large numbers of Native labourers have been imported into the Cape Town area. The wage paid to them has usually been much lower than that paid to a Coloured unskilled worker whose standard of living has been higher than that of the Native. The result has been the ousting from labouring work of many Coloured labourers by Natives.

The economic position of the Coloured people is now terribly serious. No palliatives can put it right. If it is not improved it will steadily and rapidly lead to a deterioration in the position of the Europeans as well. It can be remedied only by our attacking the cause of the trouble. By doing that we can save the Coloured people from further economic and social degradation and protect the Europeans from being dragged down with them. It is not yet too late to tackle the evil though it is getting dangerously late.

Asiatics.

The great majority of the Asiatics in the Union are the Indians who are in Natal. They are not allowed to enter the other Provinces.

Those Indians, the poor because of their poverty, and the rich because of legislation like the "Pegging Act," are growing very restive. That Act cut the wealthy Indians off from buying land in Durban from European

owners. It precluded them from making profits out of speculation in land in rich areas though the Europeans may continue without restriction to carry on such speculation and grow rich out of it.

If land monopoly were ended and land speculation thus became impossible, there would be no difficulty in getting enough suitable land in Durban or other parts of Natal to provide adequately and fairly for the needs of the Asiatics as well as of any other race. The Asiatics resent being segregated but do not seem really to wish to live in European residential areas any more that the Europeans wish to live in areas where Asiatics predominate.

Chapter 18. — NEIGHBOURING STATES

Customs barriers now hamper intercourse between the Union and its neighbouring States and tend to create friction. They also raise the cost of living in the Union to the disadvantage of our own citizens. The abolition from our side of such interference with trade between us and our neighbours would lead to a great development in friendly relations with them. We have nothing to fear from giving free access into the Union of their goods. On the contrary we should benefit greatly from doing so. As our farmers would have a demand for their meat and maize greater than they could satisfy they would lose nothing by those commodities being freely admitted to the Union.

By the reduced cost of production of goods here as a result of the abolition of taxation and of the speculative value of land we should be in a position to supply those States with goods at prices that would compare favourably with overseas prices. With free intercourse and trade between them and us there would be every inducement to the establishment and maintenance of the friendly relations that should prevail between neighbours.

Chapter 19. — LOCAL GOVERNMENT

Local government is the form of government of which we are most nearly and most often conscious. It is the form in which the greatest number of citizens can take part. It is through local government chiefly that we can have real democracy, with the people intelligently interested in public affairs. We need far more small local bodies and much greater public interest in them if we are to avoid bureaucratic control and interference in our daily lives. To-day people oppose the extension of local government to their areas because it will make them pay new taxes.

That objection to local government will fall away when taxation is abolished and every landowner, whether his land is in the area of a local authority or not, becomes liable to pay the land duty. The knowledge that, if a board were set up to deal with the local affairs of an area, it would as of right receive a certain share of the revenue from the duty, would soon spur residents on to introduce a suitable form of government for their local affairs.

Local authorities now are severely hampered by land speculation and monopoly. When they wish to make improvements for which they have to buy land they are made to pay extravagantly high prices. The expense so involved often prevents them from undertaking works necessary for the health or the safety of their citizens. Then, too, they often have to carry their

services past large areas of unused land, to outlying suburbs where people have been driven by the high price of land in or near the centre of the town. Those difficulties would disappear when the proposed plan is adopted. Land needed for public purposes could be acquired on expropriation merely for the amount needed to compensate the owners for their improvements. So, too, the vacant areas of to-day near the middle of our towns would soon begin to fill up.

Local authorities would be relieved of the necessity to obtain revenue through imposing burdensome and destructive taxes. They would have scope for vision and initiative and enterprise and they could enter into healthy rivalry with other local authorities to do their best for their citizens. They could be given, too, a great stimulus to embark on the provision of useful services to their people by the allocation to them of all the revenue calculated to be the result of those services.

But, above all, their health and welfare services would be aided by the change. It is now generally accepted that poverty and anxiety are important, if not the chief, causes of ill-health and of the need for welfare services. When those causes are dispelled the problems of protecting the health and securing the welfare of the people will be immensely eased. Medical and welfare officers of local authorities would then be able to devote themselves mainly to large schemes for the benefit of the people instead of, as now, impotently spending their efforts and wasting their strength on palliatives.

Chapter 20. — REVENUE FOR THE PROVINCES AND LOCAL AUTHORITIES

The subject of the financial relations between the Central Government and the Provinces and local authorities has never been satisfactorily settled. Many Commissions have considered them and made recommendations but usually these have provided for mere makeshifts. They have evolved no principle. The problem would be much simplified by the adoption of the proposed change.

As under the proposed system there would be only one source of revenue there would be no problem of allocating to any subordinate local body any specific sources of revenue. Thus would be ended one of the nightmares of Cabinets and Commissions on financial relations.

In this connection the word revenue is used as meaning something distinct from the income of a public trading concern, such as the Post Office or a Municipal tramway or lighting or water service. As taxation would be abolished local authorities would be urged not to make a profit out of such concerns. The income from them should not exceed the expenditure in earning it. There would thus be no revenue to be derived from them which might be used for public services. It would, of course, be permissible for a public body to provide any such services free or at less than cost, the loss being made good out of its public revenue, that is, from its share of the land duty. As the provision of services at a reduced or no cost would increase the revenue from land duty by increasing the economic value of the land in the area which benefited from them, that increased revenue should go to the public body providing the services. In many, if not all, instances that income would at least be equal to the cost of the services given.

The proceeds from the land duty would be adequate to provide the State and subordinate public bodies with a greater revenue than they now have. It would grow with the provision of new or the improvement of existing services. Thus the only problem in regard to the financial relations of the

State and the Provinces and the local authorities would be that of allocating the share of each in the total revenue obtained from the duty.

It is not necessary now to determine the best way to allocate it but some principles applying to the matter may be considered here.

Thus, it may be rightly claimed that the whole country is entitled to share in the revenue due to the presence of gold or diamonds or coal in the land and not just the areas where those commodities occur. So, too, the whole country should share in the value given to land by the provision of a State service which is paid for out of the revenue of the Central Government or by public improvements such as a reduction in railway rates. The whole of a province should similarly enjoy the benefit of the value created by the provision of a service out of that Province's revenue.

On the other hand if a local authority should provide a new or an improved service or supply a service, such as a tramway or water service, free, the value given thereby to land within the area of that authority should accrue to it as far as that can be ascertained. That would be just and at the same time encourage enterprise and initiative in our local authorities.

As a rough and ready basis of division of the revenue from the land duty, it might be agreed to allocate it to the State and other public bodies in proportion to the ratio of their present total revenues, excluding from them the receipts of trading concerns which are required to cover the expenditure in earning them.

An alternative method would be to divide in certain proportions the total revenue received, after allowing to each public body amounts found to be due to any new services or improvements in services which it had introduced. Thus it might be decided to allot one-half to the Central Government, one-sixth to the Provincial Councils, and one-third to local authorities. The amounts accruing to these subordinate public bodies could then be distributed among them in proportion to their population.

One merit of such a method of distribution would be that it would assure any new public body of a revenue. This would encourage the promotion of local government in every part of the country where now none exists.

It has not at any time been claimed that the proposed change would free us from all our economic problems. Problems of financial relations between public bodies would still occur but as an adequate revenue would be available for all their services it should be much easier then to arrive at a satisfactory arrangement for distributing that revenue than it is to-day to get a revenue at all and then agree on how it should be distributed.

Chapter 21. — SOLDIERS AND WAR WORKERS

Our soldiers were promised that, while they were away, their families and their interests would be protected and that; when they returned, they themselves would be adequately provided for. Those who made these promises hardly ever considered how it was to be done. They looked on the question as one of merely taking something out of the pockets of the community as a whole to give it to the soldiers. But it cannot be done so easily. Our national income is too small for us to do that. Unless we increase that income we cannot keep our word to the soldiers. Their anxiety about the future shows that they have grave doubts about our doing so.

All of the schemes that have been put forward to help or protect our soldiers on demobilisation are based on the idea of "giving" something to the soldiers; giving more grants or gratuities or interest-free loans; giving housing facilities, or plots in settlements; giving opportunities to train for a trade or an occupation. None of those schemes will increase the production of the food we lack or provide more jobs, except for a few officials.

No attempt at playing the part of a fairy godmother by "giving" our soldiers this or that benefit or grant can procure for them the better world they were asked to fight for. What the soldiers need and what alone will get for them security against unemployment and want is jobs.

We cannot guarantee employment to soldiers as long as other people are workless and looking for jobs. A sense of gratitude will not be enough to prevent the unemployed trying to grab jobs even if that means taking them away from returned soldiers. As long as there is unemployment for anyone, the position of the returned soldiers will be insecure.

There are naturally some measures which will be essentially and primarily necessary for soldiers. These should be adopted and applied in the most liberal manner possible. Many soldiers will need a long period of training and sympathetic help, before they can settle down as normal citizens to any form of steady work. All the resources of occupational therapy should be made available for them. They and their dependants should be well provided for during the period required for their training.

It will be impossible to provide adequately for the professional men who through serving with the forces have lost their practices while their rivals who stayed behind attained to the positions they might have had. That is also true of business men who gave up their businesses and of farmers whose farms have suffered and whose stock has died while they were away. These men can be recompensed for their sacrifices only by our bringing about a state of affairs in which there will be opportunities for everyone to employ himself, without want or anxiety about the future.

Chapter 22. — LABOUR AND EMPLOYMENT

It is the worker who produces everything we use. He can produce only by applying his labour to the natural resources in the land or to what has been obtained from them. As Abraham Lincoln said: "Labour is prior to and independent of Capital. Capital is only the fruit of labour and could never have existed if labour had not first existed." It would seem obvious, therefore, that in equity everything that is produced should belong to the workers. It is equally clear that as the land was not created by man, but is the gift of Nature to all generations of men, it should be open to every man to apply his work to it to produce what he needs. But neither of those results has happened in practice. We know that the mass of the workers are condemned to live lives of struggle and anxiety and that a large number of would-be workers are unable to get work or to employ themselves.

The workers have not gained as they should have done from the many great labour-saving devices which have been invented in the last century. They have all the time had to fight a losing struggle to get wage increases to keep pace with rising costs and to get a reduction in the number of working hours in the week. What improvements there have been in their conditions are quite incommensurate with the increase which, with the aid of mechanical inventions, has taken place in the output of the workers.

Mr. John Strachey tells us that the wage-earners' share in the national income in England was, in 1860, 50 per cent.; in 1901, 45 per cent.; in 1911, 39.5 per cent.; in 1924, 42 per cent.; and in 1935, 40.5 per cent.

The products of all our efforts are divided between three claimants: wages for the workers, interest on capital, and rent for the landowners.

As interest rates fell considerably between 1860 and 1935 it follows that the share taken by the landowners absorbed the difference. Though they take no practical part in production they have received a largely increased share in the total output of industry.

A trade union may, after bitter struggles, succeed in getting for its members a slight increase in wages or reduction in the number of working hours but the cost of living continually rises, and the benefit of any rise in wages is thereby largely nullified. There can be no question of the valuable protection which trade unions have given to their members and can continue to give them, but no trade union or federation of unions can by its own action alter our economic system or banish unemployment. To do that will need Parliamentary revolutionary action.

In England in the fourteenth and fifteenth centuries the workers, urban and rural, without any trade unions, were able to establish an eight-hour working day. The reason was, as Professor Thorold Rogers showed in his book "Six Centuries of Work and Wages," that the common lands were open to all workers, which made them free and independent.

To-day, because there is normally a shortage of jobs and bitter competition for them, trade unions are driven to do all they can to restrict the number of workers coming into a trade. It is natural that they should do so and they cannot rightly be blamed for it. They can, however, be justly blamed for not helping to fight the cause of a shortage of jobs. When the war is over there will probably be strenuous opposition to the entry into the engineering trade of soldiers and war-workers who have become trained only in one or more sections of engineering. The conflict between the fully-trained artisans' loyalty to the soldier and the call to self-preservation will inevitably go in favour of the latter.

Industrial legislation also cannot deal with the fundamental cause of poverty and unemployment. It can lead to some redistribution of the national income but it cannot increase it. It may and often does lessen it.

Similarly, the establishment of relief works does nothing more than mitigate the suffering of unemployment for the relief workers. So great has been their need that cases have been reported of their paying to officials in charge of the works a premium to get a job.

If, however, we were to end unemployment and bring about a position in which there were more jobs than workers, then the workers would become independent and able to claim what is theirs as of right, namely, the full product of their labour. They would also be able to control their own working hours and demand every possible safety measure for the protection of life and limb and health.

The ultimate result of setting the workers free to demand and receive the full product of their work would probably be co-operative control of the workshops in an industry. The right of anyone to open a new workshop if he wished would prevent any effective monopoly being established and would afford the consumer adequate protection against exploitation.

With the abolition of unemployment and anxiety the objection to piece-work would fall away, as it has done in Russia. It would no longer be necessary to limit output or to restrain the worker's speed at his work. The more the workers produced the greater would be both their income and the national income.

Chapter 23. — SOCIAL SECURITY

A great deal of public attention has been given to proposals for "Social Security" and many public-spirited men and women are demanding it for the people of South Africa. The demand made is "that this great country . . . shall guarantee to every citizen of the Union the maximum security possible against want and disease and the paralyzing fear of to-morrow's economic uncertainty." All well-disposed people will be ready to support that aim.

It is, however, easy to set out aims. It is a different matter to attain or know how to attain them. It is there that the protagonists of "Social Security" fall down. They assume that it can be achieved merely by a redistribution of our existing national wealth. The recommendations of the Select Committee on Social Security exposed the fallacy of that view. What it proposed did not amount to anything like the aim set out above and was merely a very small extension of our present inadequate system of social services and old age or invalidity grants. Rising prices caused by the taxation required to pay the proposed grants will make the achievement of even that amount of social security impossible under our present system.

The phrase "Social Security" comes from New Zealand where many services and grants are provided by the State for all its citizens. It has a much larger national income in proportion to population than we have. It can, therefore, provide more benefits for its people than we can.

The fact remains: Our national income is insufficient to provide for the needs of all our people and no amount of juggling with it can make it sufficient. To have social security in any worthwhile sense we shall have to increase our national income. We could do that under the proposed change. By it we could have work for all who are physically and mentally fit to work and pensions and grants for all who are not.

Chapter 24. — PUBLIC HEALTH

The aim of a public health policy should be the preservation of the health of the people, the prevention of disease, and the provision for everyone, quite irrespective of his financial position, of the best possible medical and hospital treatment. Whether free medical service is the most satisfactory way of making that provision and, if not, what is the best procedure to introduce and pay for it, are questions on which the advice of the best qualified experts should be asked. Only the best of such advice and the best of treatment should be accepted.

We can have out of the revenue from the land duty funds for that best. A proper public health service will be greatly assisted by the provision of adequate food, suitable clothing and good housing for everyone. Such an achievement would end the worry about the future which is a very serious cause of ill-health. The best medical service in the world cannot bring health to people who are ill-nourished, inadequately clad, housed in slums, and filled with anxiety about the future. Our present economic system, despite all its doles and subsidies and social security schemes, cannot meet the health needs of the people. The proposed change will. It will make possible a really healthy nation.

Chapter 25. — EDUCATION

Before the education we give our children can be effective we must see to it that they are properly nourished. Soup kitchens and school meals are all very well but they are inadequate. The best way to provide the needed nourishment for children is to enable the parents to provide it. A first essential of successful education must be the abolition of unemployment and want.

For the formulation of an ideal educational system we should call in the aid of the best qualified experts we can get. The revenue from the land duty would give us the means to establish such a system.

Hitherto we have underpaid our teachers and we have had too few of them. We have not given them the freedom and the standing which should be the right of those who train our children. We have, too, restricted our education almost entirely to juveniles.

There should be a great development in education for adults. We might in this matter adopt a system similar to that in operation in Denmark or suggested in books like Sir Richard Livingstone's "The Future in Education" and Major L. Marquard's "Let's Go Into Politics."

With freedom from want and the intellectual development that should follow we may expect a valuable outburst of intellectual energy. This would widen the scope of education to an extent it is at present difficult to envisage.

The establishment of security for everyone would help to weaken the main objection to education for our non-Europeans. We should soon come to see that increased production would be more easily attained with an educated than with an illiterate people.

One valuable measure which we may hope to see introduced is the provision of opportunities for everyone to learn a new trade while carrying on the work on which he is occupied. In this way a man would not be tied down for life to an occupation which he may have chosen as an inexperienced child and which he may later have found to be uncongenial. By such means it would also become possible for anyone, at any stage in his career, to improve his qualifications in the occupation in which he was engaged. This would open up for him a prospect of advancement limited only by his own ability and application. No one would then need to suffer from a sense of frustration.

Chapter 26. — RESEARCH

The amount of money devoted to research in South Africa has been woefully inadequate. We have many subjects requiring careful study and experiment which are wholly neglected. When we do agree that research is necessary we provide only very meagre sums for carrying it out.

Out of the State's revenue from the land duty a very substantial sum of money, say, £1,000,000 a year, should be devoted to research. The work should be done, as a general rule, with as little Governmental control as possible. It might be entrusted to universities and technical and scientific societies. Individual workers who can satisfy a Research Council that they are genuinely engaged on original work should be assisted, even though their work may not seem to be of any immediate practical value.

Then, too, we should assist men and women to go abroad to every country from which we could learn improved methods of carrying on our work. We ought, of course, at any time, to adopt only measures which accord with our own local needs and traditions but we could get many useful suggestions and learn what pitfalls to avoid from studying the experiences of other countries. Some of our ablest citizens should be trained and encouraged to devote their lives to such work.

In our research scheme we should, not only by paying good salaries but by offering encouraging scope for independent initiative, make it worth while for medical men, engineers, and other scientific workers to devote themselves to research work. As a result of their efforts we might look forward to a better use of our existing methods and the discovery or invention of new and improved methods of protecting the health and general welfare of

the people and of producing and distributing goods, of saving labour, reducing working hours, and increasing the productivity of the soil and preventing its exhaustion or erosion.

Under such a scheme there would never be any lack of scope for the intelligence and activities of our brightest students. They would never need to suffer from a sense of frustration as many do now. There would be limitless opportunities for them to prove their worth and to render valuable and needed service to their country.

Chapter 27. — TRANSPORT

In a country of great distances, like South Africa, transport should be as extensive, expeditious, and cheap as possible. That is essential for trade and industry, both urban and rural.

Under our present economic system, we provide public transport at the expense generally of its users but in part at that of the taxpayers. That provided by local authorities is often run at a profit to be used in relief of taxation. A very large share of the value of the transport services goes as a free gift to the owners of the land they serve. Everyone knows how, as a result of the building of a railway line or a new national road, the value of land which it will serve rises without any effort or exertion on the part of its owner.

Railway and other transport services might be legitimately cheapened by relieving them of all the cost of making and maintaining the permanent way and charging such cost to general revenue. We follow that policy now in respect of our public roads and streets. There is no reason why it should not be applied in respect of railways and airways. Our railway rates and fares could then immediately be reduced by about 15 to 20 per cent. That would greatly help industry and trade. Traffic would increase and this would in turn make further reductions in rates and fares possible. Another effect would be an increase in the true value of land and a consequent increase in the revenue from the land duty.

It would also be possible to abolish interference with road transport such as that which exists under the Road Transportation Acts. Under our present system the S.A. Railways and Harbours, saddled with a huge burden for capital expenditure, cannot in the carrying of many kinds of goods compete with private road transport, for which public roads are provided free. The owners of such road vehicles are able to pick the eyes out of the transport business and carry the best-paying traffic at lower rates than the railway charges because it looks to such traffic to make good its losses on other business. If railway rates were reduced in the way suggested the railways could as a result of the reduction in their rates withstand private competition without the need for a Transportation Board to interfere with private enterprise. On the other hand, private enterprise by taking advantage of any improvements in methods of transport would compel the railways to do so too. This would clearly be to the general good.

Public bodies should not make a profit from their transport undertakings. Their share of the land duty in their areas would be ample for the services they are required to give. The making of a profit on any public service is equivalent to taxing the users of it and using the tax for the benefit of the whole community. That is manifestly unfair. To-day this is being done on a large scale.

Chapter 28. — THE POSITION OF WOMEN

Women still suffer under our laws from many grievous disabilities and their efforts to free themselves from that injustice seem to have made little headway. Conservatism plays a large part in preventing their success but far and away the biggest obstacle in their path is their economic insecurity.

One great injustice to women is the fact that they do not get the same rate of pay as men for the same work. That is due not to legislation but to economic factors. There are more workers than jobs and therefore wages are low. Workers must take what they can get. This affects women, as a class, because generally they engage in the less skilled occupations. In the skilled jobs there is a modified monopoly which keeps women out because a relatively long training is required for entering them and women have not been prepared to undertake it.

Women will get equal economic and legal rights with men when there are more jobs than there are men and women looking for work. Then both will be able to demand and get the full value of their services and the objection which now exists to the employment of married women will fall away.

Chapter 29. — PRIVATE ENTERPRISE

Very strong feelings are aroused in discussion about the merits of private enterprise and State management. Few people would agree now to hand over to private enterprise our State-owned railways or our electricity supply or the post office. On the other hand, very few would go so far as to urge that individual businesses like shoe-repairing or hairdressing or even shop-keeping should be taken over and run by the State.

Actually many private businesses are owned by companies, the share-holders in which have no knowledge of or say in the method of running them. Whereas the profits of a State trading concern go to the public, those of such a company go to the shareholders. In both instances the work of management and production is performed by employees and not by the owners. The controllers of privately-owned businesses are, however, usually ready to take greater risks and to show more initiative than those of publicly-owned undertakings.

The tendency for some time has been for company-owned and publicly-owned undertakings to develop at the expense of small businesses owned by individuals and for publicly-owned undertakings to grow in number and scope. The reason for this seems to be the growth of monopoly in many forms of business.

There still remains, however, a very large number of privately-owned and privately-run businesses. It is they that should constitute what may reasonably be called "private enterprise." Their strength lies in the scope which they offer for individual initiative, ingenuity, effort, and energy and in the rewards which those qualities can obtain for the working owner of such businesses. Examples of them are, in the town, shopkeeping and many forms of industry and, in the country, farming and small-scale mining.

There does not seem to be any basis for a clear-cut distinction between undertakings that should be left to private enterprise and those that should be carried on by public corporations in the public interest except the likelihood of their developing into monopolies.

Industries which would have to be financed by large groups of share-holders and which would tend to become monopolies should probably be carried on by public corporations for the benefit of the public. This would apply to

transport undertakings like the railways and to the post office. It might well apply, too, to large-scale coal, gold and diamond mining, and to banking. On the other hand, in undertakings where there is little prospect of their developing into monopolies it would be better to allow full range to private enterprise. It is important to give scope for the million and one ways in which human ingenuity and initiative can be applied. This can, among peoples like ours, probably be best done in privately-owned businesses.

There can be no danger in following such a course if we break land monopoly, because it is the parent of all other forms of monopoly. Without it they could not for long exist. When we have reached that position private enterprise will not be a means to exploitation and there will be little danger of its being crushed or thwarted. At the same time there will be opportunity for each of us to develop our skill and ability to the full.

PART IV. — REALISATION

Chapter 30. — SOUTH AFRICA AS SHE MIGHT BE

There is thus nothing that we could reasonably wish for, to constitute our Better South Africa, which we cannot attain. We can have work for all which in turn will enable us to have food for all. The guarantee of work and food would make us economically and so politically free.

The means which would give us that result is a simple one. It is based on justice for all. It is not an end in itself but merely the foundation on which we can build, as we wish, a structure of peace and plenty and security.

The aim is not a Utopia. It is a human, practical, everyday world in which we can all live ordinary normal lives, but with this difference from to-day's world that we shall be free to choose and change our mode of living and our employment. We shall be free to experiment and to apply our ideas in an infinite number of ways. The only restriction on our freedom will be the need to respect the equal rights of everyone else to be free.

In our Better South Africa, with work for all, there will be no competition for jobs such as now sets us at each other's throats and brings out the worst in us. It is too much to hope that we shall overnight lose all our selfishness and disregard of others' rights and feelings, but with the elimination of the cruel struggle for a livelihood we may well find the better and kindlier side of human nature showing itself.

When we have ended poverty and substituted abundance and have eliminated competition for jobs, women will no longer be required to work for lower wages than men; there will be no economic fear of the Coloured races; Gentile and Jew will be able to live peacefully together with neither able to exploit the other; employers and employees will be able to bargain on terms of equality; the interests of town and country will be brought into harmony; and industry and trade will be able to co-operate in giving their best to the community.

As there will be no monopolies no one will be able to exploit his fellow beings. The evil of what is known as "capitalism" or "imperialism" will have been destroyed. The right freely to import goods will protect the public against excessive prices, while the presence of a large and prosperous buying public will guarantee to farmers and industrialists a remunerative market for all their goods.

There will be unlimited scope for energy and ambition. There will be openings for all our students. There will be no restriction on inventive-

ness or initiative. The only limit to our national income will be the potentialities of our natural resources and our own skill, energy, and application in using them.

We shall be able to expand our farming industry and protect our soil against exhaustion and erosion, leaving it to those who come after us in a better state than when we received it. Our mining industry will be expanded to yield the metals and minerals we want and to give us the means to supply our country with machinery and other equipment that will serve our needs.

We shall have a country with properly nourished children to whom we shall give the best education they are capable of acquiring. Their energies and initiative will have a scope which was denied to their fathers and mothers. In their hands the future of the country will be bright and full of hope, with unlimited possibilities of moral, intellectual, cultural, and physical growth and advancement for our people.

Such a prospect should gratify even the strongest demand for a policy of "South Africa First," while it would not run counter to any moral duty we may owe to our fellowmen in the rest of the world. It will represent the highest form of a constructive nationalism in which there will be no conflict of interest between our country and any other country. It will call upon us for the best of which we are capable in the interest of our own people in such a way that we shall benefit the rest of the world.

In this way we shall escape from the blight which repressive measures in respect of our backward races places upon us. We shall be able to be fair to them without any danger to ourselves. In short, justice will not only be the right policy; it will also be the best.

Equal rights will be possible for all. That will not mean equal possessions but it will mean an equal right to live and earn a living for everyone. We do not all want the same things or the same quantity of them, but we do all want the right to use and develop in any lawful way our strength, initiative, energy, and skill. That our Better South Africa will give us.

All that we can have, but on one condition; we must rouse ourselves out of our inertia and our apathy. The programme is one on which we should all be able to unite. United we can have it by using the power of the vote. The vote of the poor man is as good as that of the millionaire. The poor are many, the millionaires are few.

The poor must use their power. They will be helped by a number of men and women, who though not poor themselves, are moved by the misery and the suffering they see around them to lend their aid so that the poor may have not charity but justice.

In this way we can achieve our "South Africa As She Might Be." It is an attractive place where peace and unity will be attained and we shall indeed be a Free People.

ADDENDUM

SOUTH AFRICA AND WORLD PEACE

Situated as she is in a great ocean pathway between the East and the West, South Africa can hardly hope to keep out of any future world conflicts. It is not what we want or what we can do that will save us from being dragged into them. We, therefore, are deeply interested in the cause of war and in destroying it.

As we have seen, in South Africa racialism, anti-Semitism and the economic colour bar derive their strength and vitality from unemployment and poverty. In the same way, in the rest of the world, wars break out and spread largely as a result of injustice, the fear of want, and economic insecurity. If the world is to have a lasting, living, active peace it must end those evils. No one country alone can by its policy of economic justice prevent war in the world but one country, by taking the right course, can, by its example to the peoples of the world, set them thinking of what they should do. What has been suggested for South Africa would bring peace and happiness and plenty there, except in so far as it might be interfered with by another world war.

It is only by example that we can have any influence on world affairs. What has been proposed for South Africa can be adopted in principle in all other countries, with some differences in the form of its practical application. If the world would accept and apply those principles we could have real peace everywhere.

Freedom, democracy, peace are not possible without justice. Justice is indivisible. It cannot exist for one section or group. It must apply to everyone. With it we can solve the world's problems of small nations and minorities, of backward peoples and colonies.

All the world's dangerous problems arise from injustice, the primary form of which is the monopoly of land. Everywhere it exists we find poverty and oppression and rule by vested interests. These claim power and freedom from interference because of their hoary privileges. But, as Herbert Spencer once asked: "At what rate per annum does a wrong become a right?"

The peoples of the world have had many great men and women to show the way to justice (see Appendix), but these have gone largely unheeded. The horrors of the second world war ought to wake up the sufferers. Unless they do rise and shatter the great injustice which deprives them of the right to use and enjoy the bounties of their Mother Earth, nothing can save the world from further and more terrible destruction.

But we have faith. As Henry George wrote:

> "We have faith . . . that our Father in heaven did not decree poverty, but that it exists because of the violation of His law. We have a belief—that poverty can be abolished by conforming human laws and institutions to the great principles of human justice. And having this faith, and having this belief, we have a destiny. That destiny is to abolish poverty and, in doing so, to fire a beacon that will light the whole world."

APPENDIX

"The association of poverty with progress is the great enigma of our times. It is the central fact from which spring industrial, social and political difficulties that perplex the world and with which statesmanship and philanthropy and education grapple in vain. From it come the clouds that overhang the future of the most progressive and self-reliant nations. It is the riddle which the Sphinx of Fate puts to our civilisation and which not to answer is to be destroyed."

—*Henry George*: *"Progress and Poverty."*

"Without economic freedom no other freedom can endure."

—*Benjamin Franklin.*

"The land, the earth, God gave to man for his home, sustenance and support. It should never be in the possession of any man, corporation, society or unfriendly government any more than air or water — if as much."

—*Abraham Lincoln.*

Land is not, and cannot be, property in the same sense that movable things are property. Every human being born into this planet must live upon the land, if he lives at all. The land in any country is really the property of the nation which occupies it."

—*Froude.*

"The land question means hunger, thirst, nakedness, notice to quit, labour spent in vain, the toil of years seized upon; the breaking up of homes; the miseries, sicknesses, deaths of parents, children, wives; the despair and wildness which spring up in the hearts of the poor, when legal force, like a sharp harrow, goes over the most sensitive and vital rights of mankind. All this is contained in the land question."

—*Cardinal Manning.*

"We have to go to the land for everything; food, water and gold, the fleeces of sheep, the lumber for houses, wheat, apples, pasturage and oil. But stupidly, centuries ago, men permitted a few to fence it off, to hold rich tracts idle and unimproved, so that their children might some day sell tiny strips of it at high prices and make other men's children beg for the privilege of working it."

—*Kathleen Norris.*

"Is it too soon to hope that it may be the mission of this Republic (the United States) to unite all nations of English speech, whether they grow beneath the Northern Star or Southern Cross, in a league, which, by ensuring justice, promoting peace and liberating commerce, will be the forerunner of a world-wide federation that will make war the possibility of a past age and turn to works of usefulness the enormous forces now dedicated to destruction?"

—*Henry George*, 1877

"Men like Henry George are rare, unfortunately. One cannot imagine a more beautiful combination of intellectual keenness, artistic form and fervent love of justice. Every line is written as if for our generation."

—*Albert Einstein.*

"No man shall come into our commune who sayeth that the land may be sold. God's footstool is not property."

—*St. Cyprian, A.D.* 200-256.

"Those who make private property of the gift of God (land) pretend in vain to be innocent. For in thus retaining the substance of the poor they are the murderers of those who die every day for want of it."

—*Pope Gregory the Great.*

"Let us have faith that right makes might; and in that faith let us dare to do our duty as we understand it."

—*Abraham Lincoln.*

"Remember that prosperity can only be for the free, and that freedom is the sure possession of those alone who have courage to defend it."

—*Pericles,* about 450 B.C.

"Strong soul and high endeavour, the world needs them now. Beauty still lies imprisoned and iron wheels go over the good and true and beautiful that might spring from human lives.

—*Henry George.*