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## THERE IS IN NATURE NO REASON FOR POVERTY: MUSCLING IN ON A MILLION

Copyright Peter Meakin

The South African Constitutional Property Rights Foundation [SACPRIF] has recently light heartedly researched Henry George's assertion that "there is in nature no reason for poverty!"

Our interest was stirred after meeting the intrepid Louise Steenkamp, a market gardener in the Boland who makes a frugally luxurious living from growing biodynamic vegetables and fruit and selling "boxes" to thirty odd customers from a leased 5000m<sup>2</sup> mountain plot. She works the land by herself for thirty hours a week using occasional help when digging.

It was a small step after meeting Louise to ask how someone can become a millionaire using only muscular power.

There is nothing eccentric about this question. It goes to the heart of the international problem of how citizens can become materially comfortable when job seekers exceed job numbers. It is the question which Henry George famously posed one hundred and twenty years ago. His answers, slightly edited for their age, are as follows:

1. The natural right which each man has is not that of demanding employment or wages from another man, but that of employing himself: applying his own labour to the inexhaustible storehouse in the land which the Creator has provided for all men.
2. We laud as public benefactors those who, as we say, 'create employment'. We are constantly talking as though this 'job creation' this 'giving of work' were the greatest boon that could be conferred upon society. One would think that the cause of poverty is that there is not work enough for so many people, and that if the Creator had made the rock harder, the soil less fertile, iron as scarce as gold, and gold as diamonds; or if ships would sink and cities burn down oftener, there would be less poverty, because there would be more work to do.

3. Here are two simple principles, both of which are self-evident:-

That all men have equal rights to the use and enjoyment of the elements provided by nature.

That each man has an exclusive right to the use and enjoyment of what is produced by his own labour.

There is no conflict between these principles. On the contrary they are correlative. To fully secure the individual right of property in the produce of labour we must treat with nature's wealth separately.<sup>2</sup>

4. There is on earth no power which can rightfully make a grant of exclusive ownership to raw land without charging a fee which adequately compensates the community for the alienation of its heritage. Let the parchments be ever so many, or possession ever so long, natural justice can recognise no right in one man to the possession and enjoyment of land that leaves to the owner any value which is not man made.

So secondly how much land does each family need to become rich and is there enough? The classic reference book here is "Five acres and independence: a handbook for small farm management"<sup>3</sup>. It was written forty five years ago and there will have been technical improvements in tilling and planting which require less land today. We ignored these and assume that each small-holder still requires two hectares of arable land to get rich of which a quarter will be needed for food production.

In a recent Frost and Sullivan study it was found that there are twenty eight million hectares of arable land in South Africa (Business Report July 7 2008). According to this 30% of South Africa's arable land is needed to accommodate four million poor families on two hectares each. A further three million hectares or 10% are needed to feed the balance of six million families.

This leaves 50% for other agricultural uses including exports and offers a generous buffer for errors and omissions. It excludes the eighty one million hectares of cultivated and natural

<sup>1</sup> George the 19th Century USA political economist wrote the defining "Progress and Poverty."

<sup>2</sup> By Maurice Grenville Kains Published by Courier Dover Publications, 1973

<sup>3</sup> Beyond Freeholds, JUTA 1985

grasslands and the four and a half million hectares of forests.<sup>4</sup>

So for a determined and able-bodied, though perhaps uneducated, jobless and landless aspirant millionaire means that he or she must get hold of a couple of hectares of arable land. Once that is achieved low input agricultural techniques are required to harvest food from the sun's light energy. Called photosynthesis this is one of nature's massive machines which makes life easier for man like a lathe or drill in a factory. According to Wikipedia, photosynthetic organisms convert around one hundred billion tons of carbon into food and other plants and trees each year.

The reproductive power of nature also generates enormous wealth. A giant squid produces three million babies a year. A pair of rabbits can produce ten babies a month. One could own a hundred thousand or so in a couple of years. They sell for R30 each. A single pumpkin has 250 seeds.

For the moment we will also assume that land is allocated to aspirant millionaire by the State. Once our participant has moved his shack to the site his next move is to lay out a half hectare food garden and spend a couple of hours a day growing food there for a family of five or six.

The rest of the time will be spent in gradually building a homestead from local materials with a sturdy house, barns, roads, paddocks, fences, dams, orchards vineyards a dairy, hen house, fish farm, stables and windmill.

This will take five to ten years to develop depending on the energetic of the owner. It will then be sold as a mature investment or held, allowing the owner to live the life of a country millionaire playing cricket on Wednesdays and hunting and shooting over the weekend. This is how countless millions of free peasants live across the globe.

Ignoring life-style farming, there is also scope for small farmers in substituting some of the R29.2 billion agricultural imports of 2007.

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We have finally established that the entry cost to unimproved land, here assumed to be an average R250 000 for two hectares, will have to be radically reduced if such a poverty eradication project is to be successful.

Otherwise it will take one hundred and fifty years of the 2009/2010 budget of R6bn allocated for land reform and restitution to fund the one trillion rand which will be needed to

buy eight million unused hectares, ignoring future land price rises.

By then too there will be millions more landless people.

In a free market economy, our fourth prerequisite, free-land tenures<sup>6</sup> are secured not by expropriating property but by gradually repealing all conventional taxes on work, profits, interest and trade whilst increasing land taxes. This will eventually eliminate all land price subsidies which stop people from owning land.

Such a fiscal intervention is justified on the grounds not only that land has no production cost but that South Africa will be better off when unearned land rents are used to fund the budget and not taxes on the resourcefulness, labour, capital and trade of its citizens. This is particularly true of the agricultural industry which has high input costs. It is a change to taxing the benefits of land and not the income of the owner.

This is also an orthodox fiscal intervention supported by many Nobel Laureates such as Joseph Stiglitz as the ebooklet at [www.sacprif.org](http://www.sacprif.org) shows.

Freeing the land of price subsidies also gives a jolt to economic growth through the energy which is released when work and savings are untaxed. The USA, Hong Kong, Taiwan, China and Singapore all used it at various times in their histories. The Saxons had it before the Normans conquered them and diverted the King's land rents from farmers to their own pockets at Magna Carta.

What is therefore needed is the combination of a free-land and a tax haven to ensure that nature drives wealth creation projects.

This method has the potential to attract four million families once they are assured that a rural life can also be a wealthy one. That is a massive market and likely to attract developers who will create opportunities to help people become wealthy in new farm villages with great schools and clinics.

This is not dissimilar in concept to retirement villages where older people enjoy a dedicated environment.

And of course the pace of life in the country means that cricket is played on Wednesdays, pheasant shooting will be organized on Saturdays and wine will be spilled.

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<sup>4</sup> Assumed to be three quarters the average [ABSA] price of a vacant urban residential plot.

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<sup>6</sup> Free land means vacant land which has no entry cost and is subject to recurring user charges depending on the benefits of soil, climate, views and location relative to markets and amenities.