

## **60-Day Notice Fails Tests and How Government Steals Property for Their Friends!**

Effective January 1, 2006, within the state of California, you only have to give a 30 Day Notice to Move Out regardless of how long the tenant has lived in the property.

Previously, when month to month tenancies were terminated without cause (of those who had lived in their rental for one year or more), you were required to serve a 60 day notice.

Legislature did not pass the bill that would have kept the 60-day rule in effect. Note: Any termination notices served *before* January 1, 2006, however, still require the 60 day notice.

Effective January 1, 2006,  
landlords need only give a  
30 day notice regardless of  
how long the tenant has lived in the property.

### **How Government Steals Property for Their Friends!**

*The article below was written by Craig Richardson. The experience of Zimbabwe demonstrates the importance of secure property rights and provides a powerful lesson about something that most Americans take for granted.*

Bordering the north of South Africa, Zimbabwe once was known as the “jewel” of Africa. Rich in raw materials and productive farmland, it grew enough food to more than feed its people, and export the rest. In addition, unlike most other African countries, it had a sophisticated manufacturing base employing thousands of workers, making products such as textiles, cement, chemicals, wood and steel. It also had a strong banking sector, vibrant tourism and more dams than any other sub-Saharan country except South Africa. These dams, coupled with well-developed irrigation systems, protect Zimbabwe from recurrent droughts. Most importantly, it had rule of law, a constitution modeled after the United States, and an independent Supreme Court. Most people trusted the police and believed the court system would treat cases fairly.

The government of Zimbabwe had neither a debate nor a subtle approach to property rights; the land was simply taken from one party and given to another (a little worse than rent control!)

Independence from Great Britain in 1980 brought an end to white minority rule and direct foreign investment began to stream into the country, reaching a peak of \$440 million in 1998. Foreign investors were “bullish.” During those 18 years, real GDP increased at an annual rate of about 5 percent, and GDP per capita at a rate of nearly 2 percent. This was one of the best records of any country in Africa or, indeed, the world.

However, large disparities of income and wealth remained between most indigenous blacks and whites. In particular, a small group of 4,500 farmers owned thousands of acres of rich land, while hundreds of thousands of blacks toiled on small, unproductive plots. This became the political focus of President Mugabe during the runup to the 2000 election. He claimed that land had been “stolen” from the blacks by the white colonialists and he called for major “land reform,” presumably in order to reduce disparities of income and wealth.

Zimbabwe’s strong constitution forbade the wholesale seizure of the land without property compensation, and the people of Zimbabwe supported this notion by and large. In early 2000, they rejected Mugabe’s attempt to broaden the state’s confiscatory powers in a voter referendum. In addition, in a 2000 poll only nine percent said land reform was the most important issue for the election.

Mugabe ignored the constitution, the polls, and his people's wishes for fair governance. Between 2000 and 2003, his government authorized the seizure of nearly all the 4,500 commercial farms. The official goal was to divide up the farms into hundreds of thousands of small plots for traditional black farmers. In practice, however most plots ended up in the hands of Mugabe's political supporters and government officials, whose knowledge of farming was meager. As a result, food production plummeted and Zimbabwe became a food importer instead of an exporter. Much of the imported food was charitable aid to relieve hunger, but this was generally distributed on political criteria: handouts were withheld from Mugabe's opponents. In particular, an estimated 350,000 workers (nearly all black Zimbabweans) formerly employed by commercial farms now found themselves unemployed and they were kept on the brink of starvation because they were seen as sympathizers of the whites.

### Zimbabwe's Destruction of Property Rights

Rather than compensating farmers as had been done in the past, Mugabe decreed all commercial land titles to be void. Thereafter, farmers would lease their land from the government on a year-to-year basis. Property rights in Zimbabwe were destroyed. Little did ordinary Zimbabweans know how the destruction of this fundamental human right would also destroy their once vibrant economy.

Here are some of the other consequences from Zimbabwe's construction of property rights:

? Financial investors fled, wondering if other businesses might be seized next. Direct foreign investment fell to zero by 2001, and the World Bank's risk premium on investment in Zimbabwe shot up from 4 percent to 20 percent that year as well.

? Because the government no longer enforced titles to land, there was much less collateral for bank loans. Banks that did not collapse refused to extend credit.

? Farmland lost three-quarters of its aggregate value between 2000 and 2001 alone. This one-year loss was more than *three times* the amount of all the foreign aid ever given to Zimbabwe by the World Bank since its independence in 1980.

? The collapse of the agricultural sector led to widespread famine.

These consequences were devastating. In 2001, the economy shrunk by 8 percent, in 2002 it fell 12 percent, and by 2003 it contracted another 15 percent. Between 2000 and 2003, it lost all the gains it had made over the previous fifty years and it continued to shrink astonishingly during 2004 and 2005.

"Individual freedom finds tangible expression in property rights."

The Zimbabwe government continues to blame droughts, but dams are full throughout the country. Unfortunately, irrigation pipes are no longer owned by anyone, so they are being dug up for scrap in a free for all. Some are even melted down to make coffin handles, one of the few growth industries in the country. Twenty thousand tractors, no longer owned by anyone, have been gutted for parts. Only three hundred working tractors remain.

United States Supreme Court Justice Anthony Kennedy once wrote, "Individual freedom finds tangible expression in property rights." The case of Zimbabwe vividly illustrates how quickly freedom erodes when property rights are dismantled and serves as a compelling reminder that property rights fundamentally matter in any free market society. It is, we hope, a "worst case scenario" that illustrates how quickly markets can collapse when those rights are damaged.

The recent U.S. Supreme Court case of *Kelo v New London* has raised great debates over the use of eminent domain by local and state governments for private developments rather than public works such as roads or schools. Some see the increasing use of eminent domain in this way as an erosion in property rights. Others defend it as a useful way for the government to foster economic development.

Halfway around the world, the government of Zimbabwe had neither a debate nor a subtle approach to property rights; the land was simply taken from one party and given to another. Between the Mugabe government's actions in Zimbabwe and those of local governments such as the city of New London, Connecticut clearly there is enormous difference in degree. But they

share the snuffing out of viable and proven current activities in favor of unproven future activities via a political process rather than a market process.

In New London, homeowners were to be forcibly evicted in favor of waterfront development by politically favored interest. Such development may or may not take place sometime in the future. In Zimbabwe, the result of destroying large productive farms to distribute small plots to the politically favored was an immediate catastrophe.

**[Editor's Note: Distributing housing to tenants via rent control is just as evil as what the Zimbabwe government did to farmers. It just takes a whole lot longer to see the negative economic effects of rent control. BUT, the politicians get the tenants' votes right away and receive an immediate benefit — at your expense!]**

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