

LAND REFORM FOR SOUTH AFRICA

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Response to articles and interviews by Anne Bernstein emanating from "Land Reform in South Africa: A 21st Century Perspective"

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Ann Bernstein's "Land Reform in South Africa: A 21st Century Perspective" is a welcome effort to raise the importance of dealing with land reform in South Africa. The report, funded by the United Kingdom's Department for International Development, is a very elaborate and wide-ranging journalistic piece. Let us start out by saying that we can find ourselves quite well in some of the main points made.

First, that land reform is as relevant for the urban and peri-urban areas, as it is for the rural areas. Government policy, enunciated in the White Paper on South African Land Policy, was already quite clear on this in 1998, and no policy shift has taken place since then.

Second, that land reform was off to a slow start, but has now accelerated in pace, while its impact needs to be improved as the program is scaled-up.

Third, that the private sector has developed a number of interesting initiatives and that these should be supported more systematically as part of a truly national land reform strategy.

Fourth, that land reform has so far been implemented in a prudent and constitutional manner.

However, we also differ with her on a range of other points. First, while there is valid criticism of rural romanticism, there is an almost unbridled belief in the merits of urbanisation, globally as well as in South Africa. In particular, the fact that some countries, including South Africa, are experiencing urbanisation without significant economic and income growth does not seem to disturb the author of the report. In the South African case, moving from the rural homelands in the Eastern Cape to the shantytowns of Grasmere is hardly a sign of "normal" urbanisation and global trends. It is a move of desperation. Today, the nine major cities in South Africa harbour a higher share of the unemployed than their share of the population would suggest. If nothing is done in the rural areas, including land reform and building more and more diverse, farming communities around revitalised rural towns, the urban areas will simply not be able to cope with the continued influx of migrants, looking for jobs which aren't there.

Second, given the extraordinary unemployment rates, we cannot afford to leave any job "on the table", including the rural ones. We can quibble about how much land is un or under-used and how much of that is high quality arable land: we disagree with the report's contention that all land and all high quality land is in fact already intensively used. We can also have different views on how much of a contribution to job creation can come from more dynamic rural areas with more small and medium sized farmers: international and South African evidence is quite clear on the strong multiplier effects of agriculture and its role in employment, even in middle-income countries. However, Ann Bernstein's notion that we should almost completely discard the rural side of land reform is ill-advised, given the current lack of employment-generation in the urban sectors of South Africa and the rapidly increasing social welfare transfers (R73 billion in the current budget).

Third, the vision of a countryside, which is more densely populated by thriving rural communities and many more small scale producers, is being portrayed as not realistic and romantic. However, many countries in the world look exactly like that, whether developed or developing. They also achieve higher living standards and higher growth rates than those which are dominated by large farming sectors only. Apartheid put an end to a country-side populated by family farmers and the political and economic freedom which comes with such

broad-based asset ownership. Unfortunately, South Africa's political and economic isolation by the rest of the world during apartheid has made us believe that the inequality in land ownership created by Apartheid is the norm, and has now even become a "21st century perspective", according to Ann Bernstein. It is not, and it is quite valid to want a different agrarian structure, not just one in which some of the existing white faces are replaced by some black faces, while leaving the farm size distribution essentially unchanged. We therefore disagree with one of the author's main opinions that land reform will, and should, primarily benefit a small number of relatively better off land owners and potential farmers. The Government would like to see a more inclusive targeting of potential beneficiaries. It is mindful of the fact that the narrow targeting espoused by Ann Bernstein was in fact the policy followed by the Zimbabwe government until 1998. Changing the language and rhetoric about land reform and moving swiftly to defuse points of tension, without fundamentally changing the agrarian structure, will simply not work.

Fourth, the argument that white commercial producers are leaving farming because they find it less and less attractive as a source of income, and that therefore aspiring black farmers should also find it uninteresting, is utterly unconvincing. White farmers are leaving farming, or are requiring larger and more profitable farms, because they are generally well educated and can easily find higher paying alternatives than farming in the First Economy, which is indeed benefiting from the economic policies of this Government. In fact, had it not been for the tourism boom, many more white farmers would have probably left agriculture. So on average white incomes are going up, and therefore the normal pattern of urbanization takes place for this population group. But this is not the case for the majority of blacks. Many blacks would find even a small fraction of the incomes that the departing white farmers were making very attractive indeed.

Fifth, the authors fundamentally misrepresent and misunderstand the demand for land reform. It is seen as some sort of political and sentimental African attachment to the land, which, if not managed well, can lead to a repeat of the Zimbabwean scenario. However, the history of land dispossession was so painful, because it was the history of the expropriation of a major economic asset: the land. To suggest that the demand for land is just the demand for "a place to stay" and not also the demand to participate fully in the market and political economy of the country is seriously downplaying the need for land reform as a broad based economic strategy of black empowerment.

These are our main points of disagreement. However, there also a number of smaller points with which we take issue. For instance, there is no "more radical and less market oriented approach" that seems to be behind recent policy developments. First, Restitution has been and will be based on the Constitution, using fair compensation as the principle. Second, the emergence of foreign ownership as an issue for discussion can hardly be seen as "radical", unless Switzerland and Denmark are also classified as "radical". Third, the AgriBEE framework does not increase the target for land redistribution, and merely extends what are now quite accepted industry by industry empowerment targets to the entire value chain in the agricultural sector.

Ann Bernstein also contends that a substantial transformation of South Africa's current agricultural sector would "not be good for investor confidence". This is a misreading of many investors, and even the International Monetary Fund and the World Bank's views on South Africa. It is the status quo which frightens investors, with its unsustainable racial inequality, not a well-implemented and broad-based land reform and black empowerment program. It is the slowness of the current program which worries them, because investors are conscious of the fact that unresolved land issues can easily lead to a hostile environment for investment.

The portrayal of the homelands as having lots of unused high quality land is quite unfair. The removal of black people from the now commercial farming areas to the remote, hilly and mostly arid and barren homelands was done by design. The design was to ensure the unprofitability of African farmers so that they would be forced to become labourers on white farms and mines. The homelands' remoteness, lack of roads and other infrastructure makes the sporadic patches of "high quality" land a moot point.

There is a section in the report which purports to assess the performance of the various land reform programmes and products. However, it is not based on any empirical evidence. Maybe the author is right, maybe not. Only a real impact evaluation, such as the Quality of Life Survey, which will again be implemented this year after an unfortunate hiatus, can provide the answer. The truth is that no scientific impact evaluation has been made by any of the researchers quoted, and that the one which has in fact been done (and was relatively positive about the results) is not quoted at all. For the lack of data and impact evaluations, we are all to blame: government and the research community. But let us be clear on what Ann Bernstein's assessment of land reform is based: assertions, impressions, ad-hoc consultancies, newspaper clippings, and anecdotes.

The assertion that the land market, without state support, would be much faster in transferring land from white to black farmers is based on a single, unpublished study covering KwaZulu-Natal during 1997 to 2000, when land redistribution delivery was indeed quite low. There is no further evidence to back up the claim. Another study, published and covering the same area but now for the years 1997 to 2003, flatly contradicts the assertion made (Government-subsidised and fully private transfers each transferred about 90,000 ha to blacks), but is not quoted. In any given year, total transfers from white to black are about 10 percent of all transfers in the land market, according to the same study. Our own anecdotal experience suggests that there is a quite a lot of "Not in My Backyard" resistance by white owners to sell to blacks, both in urban and rural areas. In one case, a group of concerned land owners settled out of court with a group of aspiring black land owners and actually paid them a substantial amount for not purchasing the property.

However, we agree on the useful role of the market in land redistribution. This is why the main existing land redistribution program (Land Redistribution for Agricultural Development) uses market purchases, rather than state acquisition, as the transfer mechanism. LRAD is very flexible, can accommodate a range of different beneficiaries, and, if combined with grants from other programs (housing, environment, etc.), could very well evolve into the truly integrated land and housing reform program which, we agree, is urgently needed. We do appreciate the support given by Ann Bernstein's report to the LRAD concept.

As we already indicated, the call for more private sector involvement and genuine partnerships is also welcome, and, we believe, key to a successful scaling up of land reform in South Africa. But the box which lists a number of interesting private sector initiatives (some old, some new) is called "A Silent Revolution". It is difficult to judge whether this title is warranted, because no concrete numbers are given. It is also of interest that most of the private sector initiatives cited have requested substantial government assistance to be able to deliver on their programmes. As the report itself says: "Some of these private sector initiatives are heavily or entirely dependent on government programmes, particularly LRAD". We hear the loud requests from certain silent revolutionaries quite often. In those cases, the "partnership" and "leveraging" sought is for the Government to finance the entire exercise, with the private sector's contribution basically being that it "allows" land reform to happen, but at full market value compensation of all costs and risks involved.

In conclusion, the report makes for interesting reading and we find a number of areas of agreement. It is also difficult to disagree with many of the obvious truths being stated as policy recommendations in the report. What Government would want an uninformed public debate, or a land reform programme which is not sustainable from a development perspective? However, in spite of the title, this is not a research report. It is a journalistic piece (and quite a wide-ranging one); based on a compilation of interviews, press clippings, website entries, anecdotes, consultancies, informal "think tank" meetings, and impressions. There are very few refereed research publications in the endnotes (and none citing international experience with land reform) and no scientific methodology was used during the "research". Interviews were held with selected (how?) private sector representatives and researchers. Senior management in the Ministry of Agriculture and Land Affairs did meet with Ann Bernstein three times to discuss this draft. However, some of our main comments were not taken into account, which is why we have written our own "opinion piece".

Note: Persons wishing to read a 40 page summary of the report by the Centre for Development and Enterprise can access it at:

[http://www.cde.org.za/pdf/Land Reform.pdf](http://www.cde.org.za/pdf/Land_Reform.pdf)