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To All HSRC Office's

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Subject Business Day National, 26-07-2005: Reform getting bogged down

Dear All

Kind regards Marise

Attached is an article by Michael Aliber that appears in today's Business Day National.

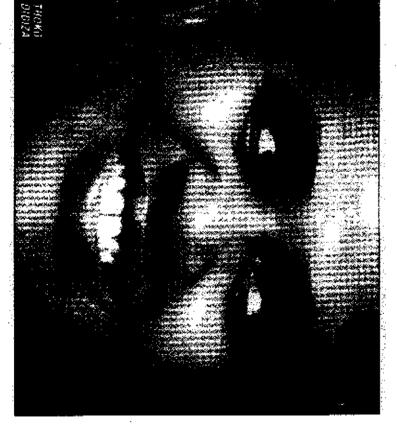
Reform getting bogged down

HERE are two critical questions that we need to answer as thoughtfully and trigently as possible. First, why is land redistribution so skow? And second, what are we trying to achieve with land redistribution? Maybe the land summit will make some leadway in addressing these questions, but if it fails to, or answers them badly, we could be beauled for trouble.

What do we know about the slow pace of land redistribution? The contention of the land nongovernmental organisations, left-leaning academics and — increasingly now — government, is that the market-based approach is responsible for slow delivery.

Two weeks ago, land affairs directorgeneral (ilen Thomas blamed foreign
landowners and resistant white farmers
for the slow pace of land reform. While
acknowledging that the issue of foreign
ownership was still being studied by the
panel of experts appointed by Agriculture and Land Affairs. Minister Thoko
Didiza, Thomas said: "But whatever the
outcome of the investigation, nothing
stops government from restricting ownexchip of land by foreigners."

The evidence is actually very thin. Progressive civil society groups have a habit of generalising from real but relatively uncharacteristic cases, which suits their disdain for the market approach — which itself is largely ideological and emotional. For government, it is



A recent study by the Surplus People Project rightly points out that some land mades hands without being publicly marketed. Even so, land redistribution acquisitions barely make a dent in the amount of land that is marketed openly.

tion. Eventually, its spending capacity caught up. New, in addition to being constrained by limited staff, redistribution is budget constrained. So why does, government not increase the budget (After all, it is just 0,3% of the total nonincrest

whether land is bought or expropriated, but whether one adopts a land acquisition strategy that is more strategic than the piecemeal approach that prevails now. In put it plainly, government should negotiate to acquire swathes of land burdering densely populated former home lands, where who domand for land is most intense and where white owners are keenes to sell. This is obviously not featible everywhere, but it would make a dramatic difference where most needed.

land for agriculture, hall want Sha or less. ed it mainly for growing food, versus 21% indicating they wanted land, 63% wantwant more land than it currently has? are we trying to uchieve with land redisan income. Of rural respondents wanting for remote security and 14% for carning sus 48% of urban respondents. Of those State and Eastern Cape, When asked: 18% of rural respondents replied jes, ver-Does your household presently need or soon-to-be-completed Hurian Sciences iribution? Consider these findings from a olack respondents from Limpopo, Fice ect, which involved a survey of 1 200 Research Council (HSRC) research pro-The second critical question is, what

The implications for land redistribution are enormous. Covernment has no targets as to how many people land redistribution should be seeking to assist, but the survey reyeals the magnitude of demand: more than 1-million households want land in these three provinces alone, versus the few thousand who are

difficult to avoid the suspicion that it is making excuses, all the intore tempting because at least on this one point it can count on those otherwise hostile ultraleftists to back it up.

But there are reasons to doubt this explanation for the slow pace of land reform, which means that major policy changes premised on it could fail to help, or make a bad simation worse. On the question of foreigners, we should allow the expert panel to conclude its work.

As for white farmers, let us look at some facts. First, land redistribution accounts for a very small share of rural land sold in the market — about 4%. Second, from 1994 to 2002 rural land prices increased more slowly than general inflution, and only recently rose in real terms above their 1994 level, and this is almost certainly the to record low interest rates. And third, the average price a hectare paid on land-reform projects tends to be less than the average market price, by an average 16% between 2000 and 2003.

It is also true, as Thomas suggests, that some landowners baggle and thus slow down purificular projects. But these cases are far fewer than the sales that fail to go through because the seller has lost patterned with the land affair, stepartment.

There are three much more important reasons why redistribution is slow. Those must be seriously addressed if we are to make progress on redistribution.

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If no few staff. My experience is that the land affairs staff who are responsible for land redistribution on the ground are diligent and hard working. Applicants and landowners are sometimes cilical of them, but this largely relates to the fact that staff are body overstretched. A diamental cincrease in the pace of redistribution would require a dramatic increase in the pace of redistribution would require a dramatic increase in the pace of redistribution would require a dramatic increase in the pace of redistribution would require a dramatic increase in the number of staff, the Restitution Commission figured this out, albeit rather late.

Lack of money and credibility. There was a time when land affairs could not spend its capital budget for redistribu-

government budget for 2004-05 — in other words, less than a 10th of the expanded public works budget.] The main reason is that land affairs has not demonstrated that land redistribution is really a priority. This may sound nutrageous but, by and large land redistribution for projects are not a roating success—either in stimulating the rural economy or in reducing powerty.

There are various (acties to make land cheaper or create other funding sources, such as exhorting owners to sell their land below market price, trying to obtain laid at less that market price through exprepriation or imposing a land tax. But these are all incremental adjustingstream Shaving 20% of the price will only stretch the budges to about 14% more land, which might seem rice, but in truth we need to increase land redistribution by several hundred percent.

• And third, the strict one-property-ata-time way in which land redistribution operates is inefficient. The issue is not

in getting land through land redigtribution excountrywide annually. Most redistribuname tion projects are designed for commertion projects are designed for commertion projects are designed for commertion projects are designed for commercially
through production, which is not the come interest of most people who want land, and
who in fact want far less land than the
average redistribution project provides.

Concratly speaking commercially

Generally speaking commercially oriented land redistribution is not working too many would-be continercial projects are flors, and government's instanct to throw more money at them in hopes of repersing this is worrying. There is a need to support the emergence of black commercial farmers, but doing this well invans distinguishing more carefully between those for whom this is a realistic possibility, compared with the much larger number of descrining people who want smaller amounts of land to support themselves as best they know how.

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