

Land reform is the battle for SA's soul

Changing politics have affected land reform since transition. **Ruth Hall** examines how political decisions have been made about the allocation of scarce resources among competing users. She believes a powerful alliance has emerged that is committed to deracialising ownership but retaining the current structure of the commercial farming sector.

South Africa's agrarian structure is 'dualistic'. It comprises a capital-intensive commercial farming sector engaged in large-scale production and strongly linked to global markets and, in the former 'black' homelands, an impoverished sector dominated by low-input, labour-intensive subsistence production as providing a key source of livelihood along with migrant wages and state pensions.

Past governments pretended this reflected 'modernity' and 'tradition', but the real function of the black 'reserves' was to reproduce, and reduce the cost of labour (Wolpe 1972). In this way, the reserves

subsidised industrialisation and economic growth in 'white' SA's manufacturing and mining sectors. This has been widely recognised as a feature of 'racial capitalism' under apartheid (Lipton 1985).

Land reform is an important symbol in the 'new' SA as tangible evidence of a nation addressing historical injustice. It also has the potential to form the centrepiece of restructuring to transform rural social and economic relations and form a base for pro-poor development against a backdrop of chronic rural poverty.

There has been spectacular underperformance in land reform in the first five years with only a small fraction of the target 30% of agricultural land transferred, and a shift of focus from the rural poor to supporting the emergence of a class of black commercial farmer.

LAND REFORM IN THE FIRST DECADE OF DEMOCRACY

Existing property rights were a central factor in the negotiations that led to political transition. White farmers and industrialists successfully lobbied to ensure that commitments to transformation in the 1993 interim constitution and the final 1996 constitution were tempered by a 'property clause' that recognised and protected existing property rights. Land reform could happen but would be constrained, leading some to observe that 'in effect, colonial land theft is now preserved by constitutional sanction' (Hendricks and Ntsebeza, 2000).

But a number of factors ensured a programme of land reform was adopted. One was the militancy of rural communities determined to right the wrong of forced removals; another was the advice of the World Bank, which promoted its own 'market-led' model of land reform and argued that redistributing land and creating a class of black smallholders was necessary to avert social and political instability, as

well as to promote rural development (Hall 1998).

The African National Congress (ANC) government committed itself, to redistribute 30% of agricultural land to the poor and landless over a period of five years. World Bank advisors said the target was feasible because 6% of agricultural land is sold each year - appearing to hold to the incredible notion that all, or nearly all, land on the market would be bought for redistribution (Aliber and Mokoena 2002:10). To provide a sense of scale, the commercial farming areas of SA amount to about 86 million hectares, of which 30% is approximately 26 million hectares.

Land reform was conceived as a means for the state to redress past injustice and promote development. It would pursue these twin goals by restoring land rights to the dispossessed, securing and upgrading the rights of those with insecure rights to land through a land tenure reform programme, and changing the racially skewed land ownership patterns through a land redistribution programme (DLA 1997a). Each of these three components of land reform in SA is mandated by the Constitution, which not only empowers the state to pursue a programme of land reform, but also obliges it to do so and allows for the expropriation of property.

LAND REDISTRIBUTION: FROM PRO-POOR TO A COMMERCIAL MODEL

Government has focused on the redistribution of land through a 'willing buyer, willing seller' land redistribution programme. From 1995 to 1999, this took the form of Settlement / Land Acquisition Grants (SLAG) to poor households to enable them to purchase land. Because the grants, at R16 000 per household, were small, often required large groups had to pool their grants to purchase land. The model was widely criticised because it reproduced



overcrowding, and because it did not link the acquisition of land to support and resources to enable people to generate a livelihood (DLA 1997b).

In response to the criticisms and wider changes in government's thinking about the state's role in development, the Minister of Agriculture and Land Affairs instituted a moratorium on land redistribution in 1999, pending an internal policy review. In February 2000 government announced that the 30% target was confirmed, but would be pursued over 15 years (from 2000 to 2015), and the major means of achieving this would be a new redistribution programme aimed at

establishing a class of black commercial farmers.

The new policy, named the Land Redistribution for Agricultural Development (LRAD) programme, was originally designed for people with capital to invest, preferably those with agricultural diplomas. The applicants would need between R5 000 and R400 000 and, depending on the level of this contribution, would be eligible for a matching grant of between R20 000 and R100 000, on a sliding scale (DLA 2000). Following criticism of this 'abandonment of the poor', the requirement of a minimum cash contribution of R5 000 was discarded -

the poor could contribute this in the form of sweat equity - but according to some DLA officials, applicants must still comply with commercial criteria.

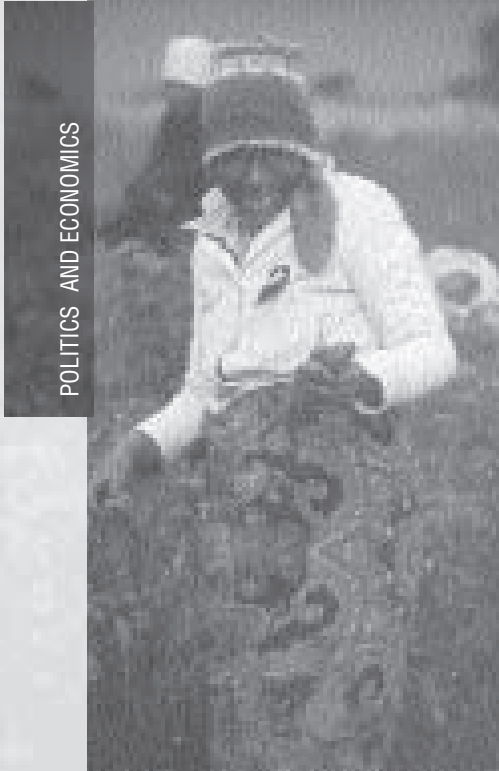
Since its launch in August 2001, LRAD has been firmly established as the flagship redistribution programme of government.

It is impossible with existing official data, to draw precise conclusions about who is benefiting from LRAD, but the sizes of grants disbursed and levels of capital contributed do tell us something about the socio-economic profile of applicants. This ranges from the poor to the very well off, with substantial variation between provinces. In KwaZulu-Natal, for instance, it is almost exclusively the well off who have been able to participate, by contributing substantial cash, assets or loan finance. In the Eastern Cape and Western Cape, in contrast, a cross-section of socio-economic groups have participated, with some entering at the lowest grant levels (Jacobs, Lahiff and Hall 2003). Most applicants have made some contribution in cash or kind, and most have been men.

LRAD offers a higher level of grant than was available in the past, but to fewer people. Despite some gains in terms of delivery, poor and rich compete for limited resources

LAND RESTITUTION: LIMITED RESTORATION TO THE DISPOSSESSED

Another important aspect of land reform is compensating for forced removals during, and even before, apartheid. A restitution programme was adopted in 1994 as a separate process and 63 455 claims were lodged by the deadline in December 1998, of which most were urban claims to residential land made by individual households. In the rural areas, claims by entire communities to large tracts of land - including prime commercial farmland - numbered nearly 20 000.



Accumulating evidence in support of these historical claims was arduous and time-consuming. Only one claim was settled by 1997. By 1999 it was clear that the programme was in trouble, having resolved only 41 of the 63 455 claims. The settlement rate has increased dramatically since the adoption of an administrative route (where the state seeks negotiated settlements with claimants) rather than a court process, and peaked at nearly 18 000 in one year in 2001/2. At the same time, the number of households per claim settled has dropped sharply from 432 in 1998 to 2 in 2002, and the number of hectares restored per claim dropped from 5 185 in 1998 to 8 in 2002.

This indicates that the vast majority of claims settled have been individual household claims in urban areas, settled through cash settlements (Hall 2003). Very few rural claims have been settled and rural land had been earmarked for transfer in respect of only 185 of the 36 488 claims settled by March 2003, again indicating that the bulk of complex and costly rural claims involving large numbers of people and large tracts of rural land remain unresolved (CRLR 2003b and Hall 2003).

According to the Commission, just over 800 000 hectares had been earmarked for restoration by March 2004, though only a proportion had actually been transferred to, or settled by, claimants (CRLR 2004). But an

analysis shows both restitution and redistribution have provided black people with access to relatively low-value land, making few inroads, as yet into the white-dominated profitable high-value sectors of agriculture. Half of all land earmarked for restitution, and more than half of all land redistributed by the end of 2002, was in the semi-arid regions of the country in the Northern Cape. Since then, the pattern has altered somewhat as a few large claims have been settled in Mpumalanga (CRLR 2004).

As the focus of restitution turns to the rural claims, the programme will inevitably confront current owners unwilling to sell. To date, the state has relied on negotiated sales and, where these are not possible, has offered claimants cash instead. This is not likely to be a durable strategy, since many rural claimants insist on returning to their land and in a handful of cases have staged illegal occupations. It remains to be seen how the state will navigate the contradiction between black communities' historical claims to land, and the property rights of current owners, and whether, or in what circumstances, more interventionist strategies, like expropriation, will be used to force the pace of change.

REFORMING TENURE: AT THE MARGINS

Attempts to reform tenure relations on farms, or to provide farm dwellers and labour tenants with land of their own, have raised, but not realised, possibilities of further redistribution in the countryside, not least because securing tenants' rights is anathema to the overarching policy emphasis on the property rights of ownership and owners.

People living and working on commercial farms are among the poorest South Africans. Laws introducing new labour and tenure rights for farm dwellers in the 1990s have been notoriously difficult to enforce (RSA 2001). These came at a time of wider changes in the sector and, together with economic pressures and a hostile response from many farmers, contributed to job losses, casualisation and evictions of farm dwellers thereby completing dispossession by separating rural workers from access to land. A policy review was initiated in early 2002 but is yet to bear fruit.

Few improvements have been seen in the communal areas, where systems of land administration have collapsed and there is widespread uncertainty about the status of land rights. After six years of drafting legislation to address the situation, the Communal Land Rights Bill (CLRBB) was passed by Parliament in February 2004, just ahead of the elections. It provides that title to communal land can be transferred from the state to communities already residing there - but on the basis of ministerial discretion to determine who will get which resources and without addressing the problems of the disarray in communal land administration and discrimination against women (Claassens 2003).

POLITICS AND ECONOMICS OF LAND REFORM

The extent of land dispossession in colonial and apartheid SA dwarfs that of other Southern African states, yet SA's attempts to reverse this have been cautious. The current policy approach cannot even achieve its own limited targets. Why has rural reform fallen so far short of expectations? The first reason is the problem of 'big policy and the shrinking state', in that land policy bears little relation to the institutions, budgets and political environment in or through which it is to be realised.

Within the market-led paradigm, the state must fund or subsidise the purchase of land and related infrastructure - an enormous undertaking. However, while adopting ambitious policy and targets, we have a shrinking state with inadequate institutional and financial resources.

The cost of acquiring land and creating a class of black farmers in the image of the white agricultural sector is likely to be prodigious. The cost of land to settle the outstanding rural restitution claims alone is likely to be well over R10 billion (Hall 2003). National budgets are nowhere near this. It is in this context that a premium has been placed on mobilising private capital and the reliance on a central role for the Land Bank in making credit available to LRAD participants. Even so, in terms of both delivery and budget allocation, the scale of the shortfall is staggering.



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The state also falls short with budgets and staffing for the Department of Land Affairs which is itself reliant for success on cooperation and contributions from other overburdened and cash-strapped institutions such as, local government (district and local municipalities) and the national and provincial departments of agriculture.

But the main constraint is the macro-economic policy environment that favours limited state involvement in the economy.

MACRO-ECONOMIC PERSPECTIVES ON LAND POLICY

The restructuring of agriculture in SA, to the extent that it is happening, is largely as a response to South Africa's self-imposed structural adjustment in the late 1990s. For agriculture, this involved the removal of direct state support in the form of soft loans, tax breaks, state-run cooperatives and single channel marketing and the opening up of South Africa's markets to international competition through the dismantling of tariff barriers. All of this was exceedingly badly timed for that small class of black commercial farmers - or 'emerging' farmers which, in the South African lexicon, refers to black entrants into commercial farming - who anticipated that the end of apartheid would enable them to access the public resources previously reserved for whites. One result of the deregulation and liberalisation

process has been a growing rift in the sector between 'winners' and 'losers', with a rise in the rate of bankruptcies and the consolidation of landholdings into fewer hands - a trend at odds with land reform (RSA 2001).

The replacement of SLAG with LRAD at the end of the 1990s brought land reform in line with the growth, employment and redistribution strategy's (GEAR's) emphasis on entrepreneurship as a means of building a black middle class, with limited direct involvement in the economy by the state and reliance on partnerships with the private sector. However, ownership of agricultural land is not a top priority for black economic empowerment (BEE), since more significant opportunities for capital accumulation lie in joint ventures and value adding industries in secondary agriculture.

The current perspective of government on the trajectory of agrarian change is one of progressive capitalism - a deepening of capitalist relations within the agricultural sector and its deracialisation that, together with foreign investment, is to pave the way for economic growth. The macro-economic imperatives of GEAR in turn form the context for the state's ideological attachment to commercial agriculture, which tends to undervalue the land uses of the poor.

Powerful beliefs in the economic

efficiency of commercial farming, and the inefficiency of low-input agriculture by the poor, appear to persist within the state bureaucracy. This ideologically driven preference for commercial farming is evident even among those tasked with implementing land reform, where commercial farming criteria have been deployed in assessing applications for land grants.

Transferring land without wider changes in the provision of resources and infrastructure has also left beneficiaries with the choice of engaging in low-input agriculture that they can reasonably finance themselves or to engaging in joint ventures with public or private sector partners. Where land has been transferred, some have started to farm it themselves as a group, often combining resources. In other cases, they have leased it back to its previous white owners, as they lack the capital to farm it commercially. Though in some cases this may prove more profitable than other uses to which it might be put, rental income has to be divided among large communities, often bringing limited benefit to individual members. In others, joint ventures have been set up between land reform beneficiaries and commercial partners, including sometimes the previous owner, who offer shareholdings in businesses and possibilities of access to jobs.

It is common in South Africa for urban

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intellectuals, businesspeople and politicians to argue that it is anachronistic to be pursuing land reform in an economy so dominated by industry and where, so the logic goes, people are moving to the cities in search of work. In fact, very little is known about the demand for land. A survey in the mid-1990s, now possibly outdated, found that 68% of poor black people living in rural areas wanted land. Most wanted very small parcels with half wanting one hectare or less (Marcus, Eales and Wildschut 1996). These findings reinforce a growing body of literature which argues that the rural poor seek, in the first place, a secure place to live and land for small-scale cultivation of food crops, largely but not exclusively for consumption, plus access to (additional) grazing land. While some may aspire to producing for markets most are unable to sustain the risks involved with full-time commercial farming, unless with substantial support from the state (Andrew, Ainslie and Shackleton 2003).

The demand for land has become more apparent through land occupations in urban and rural areas. Struggles for land are often interwoven with wider rural struggles for survival and for control of the countryside, evident in the levels of violence on farms, including murders of both farm workers and farm owners, the rise of farm commandos and patterns of fence cutting and stock theft.

Responding not only to dispossession but also to retrenchment both in agriculture and from urban industry, the rural poor and landless in South Africa have articulated broader demands for livelihoods – demanding jobs alongside, rather than instead of, land (Hart 2002). The demand for land, then, is likely to be contingent on whether the poor see for themselves opportunities in a growing urban industrial economy.

A Landless People's Movement (LPM), influenced by the Landless Workers' Movement (MST) in Brazil, was launched at the World Conference Against Racism

(WCAR) in 2001 with a campaign entitled 'Landlessness = Racism' and, since then, has had an impact disproportionate to its size and level of organisation, not least because it has been able to touch a raw nerve in South African society – the question of whether South Africa will become 'another Zimbabwe'.

Although explicitly non-aligned, the LPM has navigated between straightforward demands for delivery by government and anti-ANC sentiment defined by opposition to GEAR, privatisation and the New Partnership for Africa's Development (NEPAD). As it has grown, it has brought together a range of interests in a 'broad church'. In a constituency of the rural poor that has been largely invisible in national politics, the advent of the LPM has given a 'voice to the voiceless'.

DERACIALISATION AND ACCUMULATION FROM ABOVE

Agricultural capital has long been a white preserve in SA, and a crucially important political constituency. Now Agri South Africa (AgriSA) and the National African Farmers' Union (NAFU) are the associations representing established white and black farmers. Together, they constitute a presidential working group on agriculture, with which the President meets a few times each year. Though sometimes at odds with one another, these representatives of white and black farmers, together with the state, represent an emerging alliance forged through their participation in the working group where they developed a Strategic Plan for Agriculture to guide their future partnership and to frame government policy (NDA 2001).

NAFU, the embodiment of a small but important class of black commercial farmers, was established in 1991 out of a committee of the National African Chamber of Commerce (NAFCOC) to lobby both government and donors to support black commercial farmers.

The plan is an example of post-transition

packing between the state, white agricultural capital and a small but politically significant class of black commercial farmers. While AgriSA and NAFU maintain distinct identities at a national political level – NAFU in particular is interested in maintaining a distinct identity as a black constituency – in practice, their members have discovered some common interests.

The alliance of the state with white and black farmers is of course susceptible to change. South Africa faces economic and political risks if much of the population remains marginal and it is the absence of a clear cost to the state of not pursuing a radical programme of restructuring in rural areas lies at the heart of explaining the current direction of policy.

CONCLUSION

It is a common wisdom in South Africa that the parameters of policy to confront the legacy of apartheid were constrained by the terms of the negotiated transition and that compromises made in the early 1990s are reflected in post-apartheid policy. However, the constitutional protection of property rights does not alone explain the path of reform. A political economy perspective enables us to see both why land reform has been so limited, and in whose interests it has been remoulded. While land reform falters, new alliances are emerging with powerful arbiters and shapers of what land reform is to become. Reliance on the market and on willing sellers to make land available for redistribution, and a relatively 'hands-off' state, means that land reform falls short of confronting and transforming entrenched forms of exclusion and marginality.

This is an edited version of a paper published in the Review of African Political Economy No. 100 (Special Issue on South Africa). Hall is a researcher at the Programme for Land and Agrarian Studies (PLAAS) at the University of the Western Cape; email: rhall@uwc.ac.za