

CHAPTER 3

Land and Agrarian Reform in South Africa

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In South Africa, land is presently not only one of the most defining political and development issues, but also perhaps the most intractable. The continuing racially unequal distribution of land will either be resolved through a fundamental restructuring of the government's land reform program, or it will be resolved by a fundamental restructuring of property relations by the people themselves. Which direction the country follows depends to a large degree on the urgent and immediate responsiveness of the government to the needs and demands of the country's nineteen million mostly poor, black, and landless rural people.

The past few years have given some disturbing indications of the government's intentions in this regard, from the narrowing of the redistribution program—the main vehicle for reversing the racially skewed landscape inherited from apartheid—to the targeted creation of a small African commercial farmer elite, which overlooks the large population of poor landless Africans, and the laissez-faire attitude toward the growing demands of landless people and their civil society allies for a land summit to address the country's land crisis.

Land reform is critical not only in terms of providing historical redress for centuries of colonial settler dispossession, but also in terms of resolving the national democratic revolution in South Africa. This is the case because it is through land reform that social and economic relations—embodied in property relations—in rural areas are to be transformed. This is a central aspect of the national democratic struggle to transform the colonial class formation in South Africa that has combined capitalist development with national oppression.

Historical Basis for Land Reform in South Africa

Relocation and segregation of blacks from whites started as early as 1658, when the Khoi people were informed that they could no longer dwell to the west of the Salt and Liesbeck rivers, and in the 1800s, when the first reserves were proclaimed by the British and the Boer governments (Pearce 1997).

The Native Land Act was passed in 1913. This act restricted the area of land for lawful African occupation, stripped African cash tenants and sharecroppers of their land, and, consequently, replaced sharecropping and rent-tenant contracts with labor tenancy. The act resulted in only 10 percent of the land being reserved for blacks. In 1923, a principle of separate residential areas in urban locations was established, and this principle was extended by the Group Areas Act of 1950. In an attempt to deal with problems of forcing more people to live on small areas of land, betterment planning was introduced, which included cattle-culling, the fencing off of fields and grazing land from residential areas, and the movement of people into villages set away from farming areas.

In 1936, the Development Trust and Land Act allocated already promised land to the reserves. In addition, squatting was made illegal. In 1937, the Natives Laws Amendment Act prohibited Africans from buying land in urban areas. Further, the Group Areas Act, promulgated in 1950, racially segregated areas with respect to residence and business and controlled interracial property actions. Continuing this trend of ensuring separate and unequal development, the Bantu Authorities Act was passed in 1951, allowing the establishment of tribal, regional, and territorial authorities. To affirm the complete illegality of squatting, the Prevention of Illegal Squatting Act was passed in 1951 as well. This act allowed the government to establish resettlement camps for the surplus of people being evicted from white farms.

More racial legislation followed. The Blacks Resettlement Act of 1954 gave the state the authority to remove Africans from any area in the magisterial district of Johannesburg and adjacent areas. In 1959, the Promotion of Bantu Self-Government Act was enacted to establish the Bantustans and to make the reserves the political homeland of black South Africans.¹ In the early 1960s, the first relocation camps were established. This was an attempt to remove and contain displaced labor tenants, unwanted farm workers, and unemployed urban people. In 1964, the Black Laws Amendment Act was enacted. Along with the Native Trust Act, it was used to finally abolish labor tenancy and squatting on farms.

The land acts and other related land laws, settlement planning, forced removals, and the Bantustan system contributed to overcrowding in the former homelands. It is estimated that more than 3.5 million Africans were forcibly removed and relocated to the homelands and black townships between 1960 and 1980 (Pearce 1997). The population in black areas consequently increased. For, example, the population in QwaQwa grew between 1970 and 1983 from 25,334 to 500,000 people (SALDRU 1995). Whereas the population density for the homelands averaged 151 people per square kilometer, the population density for the rest of South Africa was 19 people per square kilometer. In QwaQwa, population density was as high as 500 people per square kilometer.

Furthermore, 88 percent of all whites, compared with 39 percent of black South Africans, lived in urban areas in the 1980s. Estimates have also shown that in 1985, whites had a housing surplus of 37,000 units, while black South Africans in urban areas and homelands had a deficit of at least 342,000 units and 281,269 units respectively (Pearce 1997).

This historical summary indicates the extent of inequality in resource allocation in South Africa. However, by the late 1970s, the state began to acknowledge that black people should have permanent land rights in urban areas and thus introduced the ninety-nine-year leasehold system in 1978 and, in 1986, the government officially abolished the Influx Control Act (South Africa Department of Land Affairs 1997a). These measures, however, did not affect land rights in rural areas, where the *status quo* prevailed. There is, therefore, no doubt of the need for redistribution of resources and, hence, of wealth.

Race, Population, and Land Distribution

The historical dispossessions and segregation in South Africa contributed to a serious neglect of human rights, dignity, and acute inequalities already existing in the country. It further led to differentiated social strata within the country. The uneven distribution of land and resources has resulted in the uneven social and economic conditions that now prevail in different parts of South Africa. The land dispossession of the black population in South Africa was driven by the need to reduce competition among white farmers and to create a pool of cheap labor to work on the farms and mines and, later, industry. The pattern of landownership and control also fundamentally structured the social mechanism of control—wage labor—over black workers and the population surplus to the needs of the capitalist economy. As such, the highly unequal access to land was, and remains, an integral component of the political

economy of South Africa as a whole. It must be emphasized that any post-apartheid land reform would be dependent on the extent and character of economic reconstruction.

Still further, the number of South Africans living within the nation has grown at a rapid pace, and land-use decisions have not escaped these mounting pressures. The estimated South African population for 1995 was between 41.9 million and 44.7 million.² It is estimated that the South African population grew by 2.32 percent between 1990 and 1995 (South African Institute of Race Relations 1996). However, the preliminary estimates for 1996 by the Central Statistical Services (CSS) indicate a decline in total population to about 38 million.³ The Centre for Population Studies at University of Pretoria states that the country's population is expected to increase to 57.5 million and 70.08 million by 2010 and 2025, respectively (South African Institute of Race Relations 1996). CSS estimates also indicate that approximately 54 percent of all South Africans reside in Kwazulu-Natal, Gauteng, and Eastern Cape. Kwazulu-Natal alone constitutes 21.1 percent of the total population. Only 1.8 percent of the population resides in the Northern Cape (CSS 1995).

Population Density

Increases in population imply strain on the available land. The population density for South Africa almost doubled between 1970 and 1995, from almost nineteen people per square kilometer in 1970 to thirty-four people per square kilometer in 1995. Population density also varies considerably among provinces. Estimates by CSS indicate that in 1995, five provinces (Eastern Cape, Mpumalanga, Northern Province, Kwazulu-Natal, and Gauteng) had population densities above the national average. The population density of Kwazulu-Natal (94.5 people per square kilometer) was almost three times the national average, whereas that of Gauteng (374.7 people per square kilometer) was about eleven times the national average. Northern Cape had the lowest population density of two people per square kilometer. The reason for this is that, although Northern Cape constitutes about 30 percent of the total land area in South Africa (the largest in area), it accounts for only 1.8 percent of the population.

Population by Race

Of the 41 million people in South Africa in 1995, over 31 million were black (CSS 1995). This figure represents about 76 percent of the population in that year. White South Africans, therefore, constituted only 13 percent of the pop-

ulation. About 57 percent of all black Africans then lived in Kwazulu-Natal, Eastern Cape, and Northern Province. Kwazulu-Natal alone accounted for almost 23 percent of the black population, with Gauteng accounting for 41 percent of white South Africans.

As with population density, the distribution of population by race also differs among provinces. In 1995, 97 percent of the people in Northern Province were black. With the exception of Western Cape, black South Africans were in the majority in all the provinces. The 1995 CSS population estimates indicate that Western Cape was the only province where there were more whites than blacks; whites made up almost 24 percent of the population there, as opposed to blacks, who made up only 18 percent.

Rural versus Urban Population

In 1995, the Centre for Development Enterprise (CDE) estimated that 48 percent of South Africans lived in rural areas. Preliminary estimates for 1996 by the CSS, however, indicated that only 44.6 percent of the population was rural. These figures indicate a slight decline from the 1993 and 1994 estimates, when the rural population accounted for 51.7 percent of the total population in each year.⁴ According to CDE estimates, the proportion of the population residing in rural areas and small towns will actually increase to 46.6 percent in 2011, whereas the proportion of the population in the urban and metropolitan areas will increase to 53.4 percent by 2011 (South African Institute of Race Relations 1996).

According to the Development Bank of South Africa (DBSA) estimates, Kwazulu-Natal had the highest rural population of 5.6 million people in 1995. Eastern Cape and Northern Province also had relatively large rural populations, of 4.9 million and 4.8 million respectively. About 83.6 percent of the people in the Northern Province lived in rural areas in 1995.⁵ In North-West, Eastern Cape, Kwazulu-Natal, and Mpumalanga, 60 percent or more of the population lived in rural areas in 1995, while in Gauteng, which had the highest metropolitan population of 7.3 million people, only 3.1 percent of the population was considered rural. Most of the people in the Western Cape (83.5 percent) also resided in metropolitan areas. Still further, by 1995 there were no metropolitan areas in Free State, North-West, Northern Cape, and the Northern Province (now called Limpopo) (South African Institute of Race Relations 1996; CSS 1995). The 40 percent of nonrural dwellers in those provinces lived in small towns scattered throughout each.

Social Indicators

South Africa has one of the worse records in terms of social indicators of well-being (e.g., lifespan, education levels, household income) among comparable middle-income developing countries. In 1995, nearly 95 percent of South Africa's poor were black Africans (SALDRU 1995). Black South Africans have been shown to have the highest unemployment rate in the country. In 1995, the unemployment rate for black South Africans was 37 percent, nearly seven times the unemployment rate for whites, at 5.5 percent (CSS 1995). Black Africans have the worst unemployment rate compared to all races in South Africa. Poverty is also strongly linked to rural areas, accounting for approximately 75 percent of South Africa's poor. Most of the poor have been concentrated in the former homelands and states of Transkei, Bophuthatswana, Venda, and Ciskei (TBVC).⁶ In 1995, nearly 63 percent of South Africa's poor resided in the Eastern Cape, Kwazulu-Natal, and Northern Province (SALDRU 1995).

Between 1995 and 1997, unemployment varied from province to province. Eastern Cape and Northern Province had the highest unemployment rate in the country, both with rates as high as 41 percent. During the same period, KwaZulu-Natal and Mpumalanga had unemployment rates of 33 percent each, and Northern Cape an unemployment rate of 30 percent. Western Cape has the lowest unemployment rate of 8 percent (South Africa Department of Land Affairs 1997a).

The 1994 population estimates by CSS indicated that women constituted 50.5 percent of the South African population. In Eastern Cape, Northern Province, and Kwazulu-Natal, more than 50 percent of the population was female, at 54.1 percent, 53.8 percent, and 52.1 percent, respectively. In the other six provinces, Gauteng, Free State, Mpumalanga, North-West, Northern Cape, and Western Cape there were more men than women in 1993.

Poverty throughout the region has shown a strong relationship to gender and age. The poverty rate of female-headed households is, on average, 50 percent higher than male-headed households. In addition the unemployment rate among men has been shown to be 25 percent, while the rate for women was 35 percent (SALDRU 1995).

Inequality in income distribution has also become quite apparent. In 1995 the average total monthly wage per household varied, from 281 South African Rands (R) a month among the poorest black Africans, to R5,055 a month among the whites (SALDRU 1995). In 1993, the per capita income for black

South Africans and whites were R2,717 and R32,076, respectively (South African Institute of Race Relations 1996). These data imply a disparity ratio of 11.8 between blacks and whites. Income also varied among provinces.

Income inequality in South Africa is even more striking when the Gini-coefficient is considered.⁷ The Gini-coefficient of 0.61 is one of the highest among middle-income countries (SALDRU 1995). Another inequality measure is household consumption. The lowest 40 percent of households, representing 53 percent of the population, have been shown to account for less than 10 percent of consumption, whereas the top 10 percent of households, accounting for between only 5 to 8 percent of the population, have accounted for over 40 percent of consumption (SALDRU 1995). These social differences form a strong basis for redistributing wealth among South Africans.

The historical dispossessions and the socioeconomic profile discussed above indicate serious inequalities in incomes and standards of living in South Africa. The most vulnerable are the rural people and women. In rural areas, land is considered a major asset and input in the agrarian system. One cannot begin farming without land. The ability to provide shelter also requires land. Agriculture continues to be the main source of income for many agrarian economies and, consequently, rural communities in many parts of the world. A reformation of regional rural economies to improve standards of living, therefore, has a strong relationship to agrarian reform. Land redistribution is a very important component of agrarian reform, as it involves the redistribution of wealth in rural areas. In South Africa, agriculture currently forms a small share of the total incomes of rural Africans. However, agricultural incomes have been shown to be higher for those Africans with access to land than for the entire rural African population (LAPC 1997). The redistribution of income and improvement of living standards in rural areas requires access to land.

Furthermore, the high population growth rates in rural areas have led to a movement of people from rural areas to informal settlements on the outskirts of cities. As indicated above, the rural population accounted for 51.7 percent of the total population in 1994. However, this is expected to decline to 46.6 percent by the year 2011. This shift will have severe socioeconomic implications for the country, with respect to overcrowding in urban areas and the associated socioeconomic ills that have accompanied this process across the globe.

Land reform may therefore mean much to rural incomes, and it therefore seems to be the rational starting point in the effort to address the huge imbalances and inequalities that have existed for many years. Land reform that can

lead to some equality in land access and use is also critical in ensuring economic growth in rural areas in particular, and in preventing severe social and political instability in the country.

The Negotiated Roots of South Africa Land Reform

As early as 1993 the World Bank, arguably the institution most dedicated to the protection of private property rights in the world, warned that if post-apartheid South Africa did not undertake “a major restructuring of the rural economy centered on significant land transfers and smaller scale agricultural production units,” the country faced the danger of rural violence and, possibly, even civil war (World Bank 1993). It was against this backdrop—and amid growing concerns about the need to inspire the confidence of foreign investors in a rapidly globalizing world economy—that South Africa’s multiparty constitutional negotiators approached the thorny question of whether and how to reverse the centuries-old racially unequal distribution of the country’s 122 million hectares of land.

The challenge was tremendous: On the one hand, the African National Congress government-in-waiting needed to fulfill its 1955 Freedom Charter promise to reverse the apartheid landscape that had put 87 percent of land in the hands of the state and 60,000 white farmers, while millions of black people eked out a living in overcrowded conditions on the remaining 13 percent. On the other hand, transforming the rural landscape—and the racially separated urban settlement patterns—while ensuring continued food self-sufficiency, and creating an investor-friendly environment, promoting economic growth, and fostering national racial reconciliation, presented multiple and interlinked challenges. The balance of forces at the time of the negotiations nevertheless ensured that the fledging South African constitution of 1996 that emerged from the multiparty talks contained a series of exacting state commitments to the country’s landless. These included three fundamental rights clauses on land reform, as follows:

- Section 25(5): “The state must take reasonable legislative and other measures, within its available resources, to foster conditions which enable citizens to gain access to land on an equitable basis”;
- Section 25(6): “A person or community whose tenure of land is legally insecure as a result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to tenure which is legally secure or to comparable redress”; and

- Section 25(7): “A person or community dispossessed of property after 19 June 1913 as result of past racially discriminatory laws or practices is entitled, to the extent provided by an Act of Parliament, either to restitution of that property or to equitable redress.” (Constitution of Republic of South Africa, Chapter 2, Section 25.)

While the enforceability of Section 25(5) on land redistribution would be open to challenges on the basis of an “available resources” determination, Sections 25 (6 and 7) granted secure legal entitlements to the intended beneficiaries of the remaining two legs of the government’s land reform program, namely land restitution and land tenure reform.

Later policy documents and statutory laws drafted by the new government, including the 1994 Reconstruction and Development Program and the 1997 White Paper on South African Land Policy, further committed the government to redistribute 30 percent of agricultural land and complete the adjudication process on land restitution claims in the first five years of South Africa’s democracy (1994–1999), and to undertake a land reform program that would address “the injustices of racially based land dispossession of the past; the need for land reform to reduce poverty and contribute to economic growth; security of tenure for all; and a system of land management which will support sustainable land use patterns and rapid land release for development,” respectively (South Africa Department of Land Affairs 1997b).

While welcoming these commitments as an important step forward, the National Land Committee (NLC) and other progressive land sector stakeholders warned that other underlying commitments—to market-led, willing buyer–willing seller, demand-driven land reform—would hamstring delivery by making land reform too costly for the state, while also failing to effectively identify the poorly articulated demands of rural people. The colonial and apartheid states had played a central role in the creation of the existing grid of white-owned private property and black property exclusion; for this reason the NLC and other critics argued that the postapartheid state must intervene to change this pattern.

South Africa’s Land Reform Program in Broad Outline

The postapartheid government regarded land reform as a key initiative to redress unequal patterns of resource distribution. Land redistribution was characterized as poverty policy for rural South Africa (Zimmerman 2000). Driven by the Department of Land Affairs (DLA), the new government planned and

legislated and began implementing a complex package of land reform measures. Broadly, this land policy has three components, which are described below.

Land Restitution

Land restitution is designed to restore landownership or provide compensation to those who were dispossessed without adequate compensation by racially discriminatory practices after 1913 (South Africa Department of Land Affairs 1997b). The institutional machinery to implement the program includes provincially based restitution commissions and a land claims court that acts as final arbiter in restitution cases.

Land Redistribution Program

Land redistribution is aimed at providing the disadvantaged and the poor with access to land for residential and productive purposes (South Africa Department of Land Affairs 1997b). It is also designed to deal with the past injustices of land dispossession discussed above, to ensure equitable distribution of landownership, and to reduce poverty and contribute to economic growth. It makes it possible for the poor and the disadvantaged to purchase land with the help of a settlement land acquisition grant.

Land Tenure Reform

This land tenure reform is designed to provide security to all South Africans under diverse forms of locally appropriate tenure (South Africa Department of Land Affairs 1997b). It includes an initiative to provide legal recognition and to formalize communal land rights in rural areas; it also includes a recently legislated program to strengthen the rights of tenants on mainly white-owned farms.

Moving Forward: Approaches to Land Redistribution

The South African government has adopted a market-based approach to redistribute land. The market-based approach utilizes the forces of the market to redistribute land and is largely based on willing buyer–willing seller principles. There is, however, some state support. The government is committed to make land acquisition grants available, and is obliged to support and finance the required planning process. The government also assists individual households or communities to purchase and own land.

The Rationale for the Market-Based Approach

The market-based approach to land redistribution has been rationalized on the basis of efficiency. This rationale ensures that efficiency in the agricultural sector is maintained, so as to maintain or even improve the current production level of the country and ensure food self-sufficiency. It is also aimed at maintaining or improving investor confidence.

Land is a scarce resource, subject to competing uses, including agricultural production, residential development, urban development, public parks, and other amenities. The most important implication of economic analysis for policy making, however, is that, in a world of scarce resources, tradeoffs characterize any policy decision. The reallocation of scarce resources also implies a redistribution of income and wealth in society. The important problem facing policy makers is to choose among alternative consumption bundles and distributions that could result in different public policies.

Generally, five economic criteria are used to judge the efficacy of policies and decisions regarding resource allocation. Four of these criteria relate to the efficiency of the economic system, while the fifth regards equity considerations. Thus, land can be redistributed either for purposes of efficiency or equity. These two terms, “efficiency” and “equity,” are opposing economic terms that are often confused in many writings. Both of these cannot always be achieved at the same time in any one redistribution.

Seven Years of Failure: Postapartheid Land Distribution

As of the end of 2001, less than 2 percent of the land had changed hands from white to black through the land reform program, and the long-awaited legislation to improve the tenure security of people living in the former Bantustans in terms of the state’s Section 25(6) obligations had yet to be released. Of the 68,878 land restitution claims received, only 12,678 had been settled, benefiting less than 40,000 predominantly urban households more than 40 percent of which had received monetary compensation instead of land restoration. While monetary compensation is one form of redress, it is not land reform because it does not involve the transfer of land rights. The urban bias of restitution delivery also means this program had so far done little to transform rural property relations, with most rural restitution claims still outstanding.

Land redistribution transferred less than half a million (480,400) hectares

to 45,454 households by March 31, 1999, falling far short of the estimated 25.5 million hectares of agricultural land that quantified the reconstruction and development program's 30 percent goal. Following the 1999 elections the entire redistribution program was put on hold, pending a lengthy period of internal policy development marked by a complete absence of public consultation. When the Land Redistribution for Agricultural Development Program (LRAD) was finally launched in August 2001, it clearly targeted "full-time farmers" and required beneficiaries to make a minimum R5,000 (US\$500) contribution. The National Land Committee (NLC) and other rural sector organizations have argued that this requirement will effectively exclude the poor rural majority, marking a reversal of the White Paper's pro-poor commitment.

The slow pace of land reform can be projected to continue, according to budgetary trends that consistently allocate about one-third of 1 percent of national expenditure to the Department of Land Affairs (DLA). Budget analysts predict that at current spending patterns, it will take 150 years to complete the restitution process, and 125 years to complete the redistribution of 30 percent of agricultural land to black people. While these projections clearly support the argument that market-based land reform will prove too expensive for the state, the consistent failure of the DLA to spend even its existing budget places it in constitutional jeopardy with regard to Section 25(5), which requires the state to effect land redistribution within its "available resources."

Beyond Rights: Why Land Reform in South Africa?

Despite the inclusion of fundamental rights to land reform in the South African Constitution, the state has exhibited a lack of political will to prioritize the fulfillment of these rights within its macroeconomic strategy. This suggests that there is a need to go beyond the current rights-based discourse surrounding land reform to demonstrate the socioeconomic importance of comprehensive land redistribution and rural development to growth and poverty reduction.

The South African government has committed itself to a conservative macroeconomic strategy, detailed in the 1996 Growth, Employment, and Redistribution (GEAR) strategy, which seeks to alleviate poverty in the long-term through a growth-oriented strategy designed to inspire export-oriented industrial expansion by creating the conditions for foreign direct investment. Implicit in GEAR and its associated development programs is an urban bias in development policy rooted in the belief that modernization brings urban-

ization, and that state resources should therefore concentrate on meeting the demands arising from this trend.

This strategy ignores the demographic profile of South Africa, which, while predominantly urban (55 percent) is still significantly rural (45 percent), with strong rural-urban linkages among households. With more than 70 percent of the nation's poorest concentrated in rural areas—many of these women, children, and the elderly—further growth along this path can only exacerbate rural-urban inequalities. Increased urbanization born of the desperation of rural poverty will further strain the already limited resources of urban metropolitan councils. The GEAR strategy also importantly ignores ample economic analysis, from the World Bank as well as some bilateral development agencies, that suggests that only certain kinds of growth can achieve poverty reduction, while others—particularly urban-biased, industrial-led growth in conditions of severe inequality—tend to increase both inequality and poverty while simultaneously slowing overall economic growth. Conversely, analysis of various developing country growth paths has demonstrated that agriculture-led growth—particularly following a redistribution of assets—can lead to higher overall economic growth, a reduction in inequality, and greater poverty reduction. The reason for this is that a more equitable growth in agricultural income—combined with the right development policies—can lead to the growth of a vibrant rural non-farm sector that lays the basis for further economic growth through industry.

The highly uneven distribution of rural incomes in South Africa is a direct consequence of landownership patterns. Some 60,000 large-scale, mostly white commercial farmers dominate the agricultural sector. As a result, access to the bulk of the nation's natural resources is denied to over thirteen million people living in more marginal areas of the country and to approximately seven million workers and tenants living on these farms. This imbalance in landholdings is reflected in gross income disparities between the two groups, greatly impeding growth in rural incomes for poorer households and effectively stalling rural non-farm sector growth and poverty reduction.

One reason for this link between equality in landownership and higher levels of economic growth in developing countries is the relative efficiency of farm production by large numbers of smaller farmers as opposed to small numbers of larger producers—the inverse relationship between farm size and productivity (see chapter 12 in this volume). Reducing land concentration is thus a more effective strategy against poverty than relying on agricultural

growth alone. This is one important reason why the mere deracialization of commercial agriculture—while an important component of rural transformation—through the redistribution of land to a small number of emerging black commercial producers (as the Land Redistribution for Agricultural Development Program [LRAD] seeks to achieve) will not succeed in stimulating sustainable economic growth or substantial poverty reduction.

The Need for People-Centered Land Reform

These socioeconomic arguments, combined with the political imperatives that inspired South Africa's original rights-based provisions for land reform, clearly point out the way forward: an economic growth strategy based on comprehensive rural economic transformation, beginning with broad-based land and agrarian reform that targets the poor, as defined through popular participation and consultation.

The current policy focus of LRAD on redistribution limits development in several ways: it seeks to concentrate resources in the hands of a small number of black commercial producers who are unlikely to spend much of their disposable income in the rural economy, while it confines the poor majority to ongoing dependency on rural farm wages and paternalistic social relations; it limits the socially transformative impact of land reform to a small number of relative elites; and it delays the potential impact of asset redistribution on the ability of the poor to take economic risks and diversify their livelihood sources. In contrast, a genuinely participatory, pro-poor land reform policy would raise the incomes of the poor, whose marginal propensity to consume rural goods and services is high, while also transforming rural social relations and improving the prospects for the rural poor to engage in sustainable livelihoods.

People's participation (in particular, that of excluded groups such as women and youth) in development must be a transforming act. Participation combined with education transforms people's consciousness and leads to a process of self-actualization that enables oppressed people to take control of their lives. Such participation, however, must entail the achievement of power in terms of access to and control over the resources necessary to protect livelihoods.

Land is a primary means of subsistence and income generation in rural economies. Access to land allows rural families to put their labor to productive use in farming, while providing a supplementary source of livelihoods for rural workers and the urban poor. Land can be loaned, rented, or sold in times

of extreme distress, thus providing a degree of financial security. Importantly, as a heritable resource, land is the basis of wealth and livelihood security for future rural generations. Rights in land and access in land are major determinants of a household's capacity to choose and determine their own level of farm capacity and use.

Access to land also strengthens the hand of the rural poor in their participation in the labor market, while contributing significantly to rural employment growth, both through multipliers—as people are able to reinvest the money—into agriculture and into the growth of a vibrant rural non-farm sector. Thus, broad-based land redistribution to the poor can reverse the pattern of rural asset extraction that has historically stymied developing countries' economic growth. Land reform can also promote more equitable patterns of growth that shift income and power to the poor.

Land redistribution is inevitably a highly politicized process. However, the persistence of poverty, poor economic performance, and growing inequality makes such reforms both necessary and urgent. Land reform has succeeded in combating poverty and promoting economic growth in many developing countries, particularly among many of the "Asian Tigers," such as South Korea and Taiwan. Key characteristics of effective land reform policies include explicit targeting of the poor; fixing ceilings on landownership; ensuring the existence of marketing opportunities for farm produce; providing agrarian support services as part of a broader rural development focus; establishing focused, coordinated programs that are sustained for a decade or more; including beneficiary participation in design and implementation of programs; and creating flexibly designed tenure reforms.

Achieving these results often requires a firm political commitment by governments to overcome the entrenched power of existing landowners. While this may present an uncomfortable challenge to a reconciliatory state concerned with stability, the failure to do so, and the resulting delays in asset redistribution, may weaken the political impetus of change, further entrenching extreme asset disparities and fueling increased tensions and potential for conflict. In short, for the sake of long-term political and economic stability, it is better for a country like South Africa, with the highest income disparity in the world, to face the pain of a radical redistribution of assets through land reform now than to face the long-term instability that would emanate from delaying the resolution of the land question.

Conclusion

While the birth of South Africa's democracy signaled the end of apartheid oppression, the period of transition since 1994 brought the birth of a neoliberal economic order that has continued to perpetuate the unequal economic relations of the past. This chapter has enumerated several problems that the current land reform program is facing in South Africa.

The South African state has committed itself both to land reform and to a macroeconomic strategy that presently appears to contradict its stated commitment to land reform. Nevertheless, the right to land reform is enshrined in three fundamental rights clauses of the constitution. These are further bolstered by the requirement (Section 7[2]) that "the state must respect, protect, promote, and fulfil the rights in the Bill of Rights," including those to land reform (South Africa 1996). A further fundamental right to just administrative action (Section 33), grants "the right to administrative action that is lawful, reasonable, and procedurally fair" and requires the adoption of legislation to promote an efficient administration. This implies both that rural people receive a fair share of national resources and that the state fulfill its obligations to the landless in a fair and efficient manner.

The state has not fulfilled this or any other of its obligations to landless people, and this failure has resulted in an escalation of the land crisis created by colonialism and apartheid. The fundamental choices made by the new regime serve to undermine the ability of the existing land reform program to create conditions for a "neoliberal" agrarian transition—this is particularly the case with regard to the property rights clause in the constitution and the opting for the markets as the mechanism for redistribution. These two choices on the part of the new regime automatically undermine the possibility for land reform to effect radical change in agrarian relations. Continued action along such lines will perpetuate the colonial class formations, which remain a definite reality.

The main objective of land reform in South Africa must be to bring a just and equitable transformation of land rights. This objective has a number of dimensions. First, land reform must address the gross inequality in landholding. Second, it must provide sustainable livelihoods in ways that contribute to the development of dynamic rural economies. Third, particular attention must be given to the needs of marginalized groups, especially women, in order to overcome past and present discrimination. Fourth, and finally, rural people themselves must participate fully in the design and implementation of land reform policies.

CHAPTER 4

Land Reform in India: Issues and Challenges

Manpreet Sethi

The Land Question in India: A Brief Historical Review

As the basis of all economic activity, land can either serve as an essential asset for a country to achieve economic growth and social equity, or it can be used as a tool in the hands of a few to hijack a country's economic independence and subvert its social processes. During the two centuries of British colonization, India experienced the latter reality. During colonialism, India's traditional land-use and landownership patterns were changed to ease the acquisition of land at low prices by British entrepreneurs for mines, plantations, and other enterprises. The introduction of the institution of private property delegitimized the community ownership systems of tribal societies. Moreover, with the introduction of the land tax under the Permanent Settlement Act 1793, the British popularized the zamindari system¹ at the cost of the jajmani relationship² that the landless shared with the landowning class. By no means a just system, the latter was an example of what has been described by Scott (1976) as a moral economy, and at the least it ensured the material security of those without land.

Owing to these developments in a changing social and economic landscape, India at independence inherited a semifeudal agrarian system. The ownership and control of land was highly concentrated in the hands of a small group of landlords and intermediaries, whose main intention was to extract maximum rent, either in cash or in kind, from tenants. Under this arrangement, the sharecropper or the tenant farmer had little economic motivation to develop farmland for increased production; with no security of tenure and a high rent, a tenant farmer was naturally less likely to invest in land improvements, or use high-yielding crop varieties or other expensive investments that might yield