

Economics of Agricultural Land Restitution and Redistribution in South Africa: Willing-Seller, Willing-Buyer Business Imperatives Versus Socio-political Transformation?

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ABSTRACT This paper investigates implications of land redress through restitution and redistribution instruments in South Africa. Currently, land redistribution in the country continued to be an emotive, unresolved and political discourse and practice, whilst the global capitalist matrices provide for business economics imperatives. Attempts by the democratic government to adopt a reasonable compensation model of the *willing-seller, willing-buyer* has failed to deliver redistributive justice. In cases where land is returned to the formerly dispossessed majority, it remained fallow and, the overarching argument has been that such lands were anyway marginal and unproductive. Apparently, there is a requirement to maintain a judicious balance between socio-political transformation and business economics considerations. This paper argues that South Africa's version has overemphasized the sentimental value of agricultural land far above business economics imperatives. It concludes that a refocus is necessary to ensure a balanced approach for the future economic stability, legality and order, within which socio-political and economic transformation could unfold.

INTRODUCTION

The question of landownership in a democratic South Africa remains unresolved and emotive, amidst stark societal inequalities. Simultaneously, the process of land restitution and redistribution is variously perceived to be slow with the likelihood of attracting violence in the foreseeable future, if it is not sped up. Besides, there is a serious societal divide regarding the most appropriate approach to resolving the issue of landownership, with the extremes of the big push and the gradualism (Edigheji 2007; South Africa 2014: 7; Ashton 2014: 1). South Africa's slow progress on this issue may be linked to economic consciousness in which most of the land being distributed to beneficiaries before have lost economic value because the model in use focused mostly on political solution to land issue while undermining the economic role played by the former land users (Makhura 2013). These former land users (minority Whites) as Cousins (2013: 1) notes, have previously received massive financial support and subsidies from the apartheid government which ultimately enabled them to run successful commercial agriculture, giving them advantage as exporters of agricultural products, regionally and internationally (as the ZZZ could claim is the case in tomato production). This was at the ex-

pense of African farmers being reduced to small scale farmers lacking both resources and support from the ruling government (Makhura 2013). This paper therefore compares the two philosophical orientations for land redress: the struggle of political solution (equal distribution) to land problem versus strive for economic resolution (productive use of land) to the land issue. Besides political considerations, the balancing act involved in these dynamics has both business and economic implications for a democratic South Africa. Could it be that the present rhetoric on the development path insinuates that the victims who suffered the past injustices are equally asked to be patient in the post-apartheid era that appears to have failed to transcend and transform the harsh realities of the discriminatory past (Edigheji 2007; Bloch 2007; February 2007; Creamer 2007; Fakir 2007; Alloggio and Thomas 2013). The major research question addressed in this paper is whether or not the South African government is capable of resolving the land issue through redistribution without compromising the productivity of land previously used by the minority White farmers? This question is critical to the future of South Africa's land provoking societal instability or being instrumental for transformative business and economics. Zimbabwe's big push on land demonstrates that considerations on land redress go

beyond the domestic to embrace the global perspective wherefrom business and economics could be deployed to frustrate internal measures, with deleterious societal effects (Landsberg 2007; Le Pere 2007; Jacobs and Mundy 2009). The paper examines South Africa's modus operandi for land redistribution restitution and redistribution, to determine the agricultural economics thereof in relation to the potential socio-political ramifications. That is, land reform in South Africa is intricately connected to the national transformation processes, which however unfold within complex matrices of the global capitalist business, economic and political environments. In the same way, whether or not the approach adopted makes economic business sense could as well be a matter of political convenience. This paper engages the complexities of decision making in the socio-political transformation of South Africa, as predicated on the underlying intricate economics of agricultural business.

**LAND RESTITUTION AND
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SOCIO-POLITICAL TRANSFORMATION
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Land reform in South Africa provides for complex processes, following three ambitious dimensions of restitution, redistribution and tenure reform (Hall 2003, 2004, n.d; Weideman 2004; Center for Development and Enterprises 2008; Lahiff 2007, 2008; Metelkamp 2011; Cousins 2013). For the purpose of this paper the third dimension, tenure reform, is excluded from the discussion and focus because restitution and redistribution deal specifically with access to land by the previously disadvantaged communities, which is at the center of the emotive discourse of socio-political transformation versus business economic imperatives. However, all these dimensions obtain their legitimacy from the past injustices of the *Native Land Act of 1913* which displaced African communities from their fertile land (Makhura 2013). But unlike land restitution which is rights-based and achievable through land claims and cash compensation, land redistribution involves individuals or communities applying for government grants in order to acquire land through the *willing-buyer willing-seller* principles (Cousins 2013: 3). This principle encapsulates serious underlying im-

plications for success or failure of the socio-political transformation and/or business economics imperatives.

The African National Congress (ANC) resolved in the 2007 National Conference in Polokwane to improve social cohesion and to speed up rural development of the local communities (Bodibe 2007; Edigheji 2007; Marais 2007; Parliamentary Liaison Office 2012). This was to be achieved by distributing 30% of the land owned by the White minority classes to the African population within a period of fifteen years (2000-2015), in order to provide the necessary technical skills and financial resources to the allocated land (Hall and Williams 2000; Hall 2003, 2004). Since its inception, the land reform has resulted in the distribution of only 6 million hectares of land, leaving a backlog of 19 million hectares to be achieved before 2014 (Commission for Gender Equality 2009: 67). Judging by the current status of land ownership, South Africa still needs more than a decade to redistribute land successfully to Black African farmers. It is believed that successful land redistribution to the majority of South Africans (in these case Blacks) holds the potential to create an egalitarian society benefiting from the resources of the country of birth. Such a society would unlock the potential of all the citizens to make socio-political progress through conduct of business and the agricultural economics of land. It is however arguable that centuries of deskilling, neglected skills and financial support of the local Africans cannot be achievable within a short space of time as anticipated by the ANC (Sebola and Khalo 2010) through land reform policies, given the limitation of the global context (February 2007; Landsberg 2007; Le Pere 2007; Marais 2007). Thus far, the land reform process in South Africa is undeniably very slow, to the extent that some have insinuated that the process has failed to reach its multiple objectives of historical redress, redistribution of wealth, equitable outcomes and economic growth (Commission for Gender Equality 2009: 39). Notwithstanding the various revisions of the land reform modalities, negligible attention has been paid to the practical causes of such delays and the slow pace of land restitution and redistribution. Indeed, there could be many unrelated factors (may be ranging from economics to politics), but critics of the land reform process in South Africa generally blame the constitutional clause on private prop-

erty rights (Hall 2004; Ntsebeza 2006; Kahn 2007; Qalam and Joshua 2012), which of course is understandable considering how the country is hailed for adopting the most democratic constitution in the world (February 2007; Landsberg 2007). Democracy in anyway comes with a huge price (Bloch 2007; Edigheji 2007; Marais 2007). While the constitutional clause on property rights can be viewed as a threat to the speedy land restitution and land redistribution in South Africa, it could further be argued that nothing impact negatively on this progress more than the “*willing-seller*”, “*willing-buyer*” principle through which government provides space for land claims and purchases for individuals and/or communities, but does not become the buyer or the owner (Hall 2004; Lahiff 2007, 2008) of the land. At the core of these redistributive arrangements are the socio-political versus the business economics moralities of the *willing-seller*, *willing-buyer* principles through which land restitution and redistribution are driven in a democratic South Africa.

The *Willing-buyer*, *Willing-seller* Principle and the Business Economics Imperatives

This principle is held as a martyr of land reform in Africa and elsewhere in the world as far as the colonizers (developed) and the colonized (developing) have conducted the land business economics (Hall 2004; Lahiff and Cousins 2005; February 2007; Jacobs and Mundy 2009). Comparing the South African and Zimbabwean land issue situation, Mwatwara (2013: 3) contends that the latter’s government applied the “*willing-seller*”, “*willing-buyer*” principle after independence wherein land property was purchased from the owners (White Zimbabweans) in terms of the currency of market value largely determined by the aggregated business interests of the sellers. This business mechanism exploits the collective interests of the dispossessed in the demand-supply equation that intricately render the most productive lands inaccessible whilst releasing marginal lands to the victims of the past injustices. Underlying these business economics transactions is the question of whose dollars is to be used to buy land perceived as owned by the ruling elite in both the politics and economics? It was predictable that Zimbabwean government was willing to play along as long as the money for purchase was covered by the

United Kingdom public funds as provided for in the Lancaster Agreement. That is, the business economics sense was not necessarily the underlying motivation for the 20 years of the sustenance of the *willing-seller*, *willing-buyer* modus operandi in Zimbabwe. Where else was such a business model expected to be successful amidst stark socio-political inequities? Besides, Zimbabwe’s government would have never commanded the amount of financial resources to afford the costs of buying its own land from settlers of European descendants as the Lancaster Agreement required. Striking the socio-political transformation with these business economics imperatives was always setting up government for failure. There appears to be no reasonable evidence that South Africa would achieve a different outcome, following the same old route.

In the Republic of South Africa, when President Jacob Zuma noted such limitations of the “*willing-seller*”, “*willing-buyer*” principle, he announced a solution to speed up the process by at least suggesting the buying of owned land at what is called a fair productive value (Qalam and Lumet 2012). This populist political assertion can however not be viewed outside the perspective of business and economic troubles that can be associated with such revolutionary morality and decision as demonstrated through the Zimbabwean big push on land reform. Moreover the democratic constitution adopted by South Africa has empowered farm owners legally, while they still have the business and economic muscle to use the constitutional provisions to take government to higher courts in the land. The *willing-seller*, *willing-buyer* principle *per se* is not a problem- but the main problem is to which extent can governments in the developing countries afford to pay the market value of the property of the farm owner? Also, the challenge is if the developing countries are able to secure the funds, what is the opportunity cost for investing such resources in marginal lands when the nation yawns for investments in public service delivery and social overhead capital? Having pursued this business economics imperative for over two decades now, how has South Africa progressed socially, politically and economically? The present violent service delivery protests, over 25% unemployment rate and behind schedule land redress collude to suggest that the business economics of the exiting land restitution and redistribution have

failed to promote socio-political transformation, creating the potential for social strife and upheaval. Never mind the question of whose land is the South African government buying, where will the momentous financial resources required for buying such land come from? While the resources can be accumulated by government through tax revenue for buying land for redistribution, another critical question is: how sure is the South African government that such land will be used productively as before? It is in this context that South Africa's democratic governments have appeared to fail to get to grips with the imperatives for revolutionary morality and the inter-linkages between the ruling party and business as well as the social transformation plight of the publics (Bloch 2007; February 2007; Kahn 2007; Marais 2007; Alloggio and Thomas 2013). That is, land issue in South Africa, rather than being used as the fundamental key to unlocking socio-political transformation is trapped in a business economics cycle dictated to by the global imperatives to be "democratic". A vexed question of the socio-political transformation for the dispossessed is unavoidable.

Socio-political Transformation for the Dispossessed

Commonly, the dispossessed group tends to refer exclusively to native populations and, in South Africa it describes largely Africans, to the exclusion of Indians and Coloureds. The injustices associated with the removal of Africans (in this case Blacks excluding Indians and Coloureds) from fertile land in favour of the White minority class (Kahn 2007; Metelkemp 2011; Makhura 2013) to be used for economic development has deep historical roots. Politically, it is safe to suggest that both the process and the approach were wrong. But it is acceptable that dispossession of the majority of their land resources and rendering them into a pool of poorly skilled and educated labour force was not economically viable, hence apartheid capitalism became self-destructive. Also, public administration, political science and development discourses have not provided practical and academic guidance on how to understand and resolve this historical puzzle of dispossession through land redress without rendering the process and approach reverse apartheid, without business economics content. This ultimately led

to both apartheid and post-liberation democratic governments equally adopting politically emotive decisions, lacking business rationality and economic justifications, resulting therefore in disastrous socio-economic consequences. In apartheid South Africa, Blacks were unfairly dispossessed of their lands to provide space for large scale farming of the Whites on the falsehoods that the former operated small scale subsistence farming (Weidman 2004; Lahiff and Cousins 2005), catering for their families rather than the economies of the entire nation and region (Makhura 2013). However, evidence suggests that small scale farming in South Africa was minimal, involving less than four million households (Delgado 2006; Makhura 2013) as agricultural practices continued to be dominated by White minority large scale farming. Maybe such limitation of small scale agriculture by the South African Black farmers can be associated with the unproductive land which to some extent limited their capacity to grow crops or rear livestock (Hall and Williams 2000; Lahiff and Cousins 2005). That is, the colonial and apartheid dispossession of land further marginalized Blacks by placing them into eroded and fragile lands within the former Reserves and Bantustans, where it became virtually impossible to devise any business agricultural model that could become economically viable (Makhura 2013). The questions about the democratic land redress cannot avoid the issue of the economic viability of the business agricultural models contemplated. Thus far, South Africa has failed at three different models of land redress; it remains elusive to establish the root problem.

Between 1912 and 1955, the South African government, the Land Bank and the most influential grain cooperatives played a negligible role, if any, in the agri-industry of the overcrowded former Bantustans (Makhura 2013). Whereas other former Bantustans covered "some of South Africa's most fertile soil, with fairly stable rainfall", the dearth of farmer assistance and the small size of the farming units, agri-entrepreneurs could not develop and productivity remained stagnated with the result that populations in these overcrowded lands "remained net importers of food" (Makhura 2013: 90). This differentiated funding of agriculture underlines South Africa's historic "unequal food economy" (Aliber and Hart 2009; Baiphethi and Jacobs 2009). Democratization has not brought relief to the former Bantustans, not-

withstanding the litany of support programmes for subsistence and small-scale emerging farmers. Having been established in 1951 through the Native Authorities Act and Promotion of Bantu Self-Governing Act with a total population below 5 million, former Bantustans grew to 14 million by 1985 (Makhura 2013). Bantustanization entailed that separate administrations and financing of Black and White agriculture were institutionalized through native policy and agricultural policy, respectively (Makhura 2013).

Whilst liberalizing and deregulating the agricultural industry, the democratic government sought to fund emerging farmers, wherein the Land Bank was tasked with providing a variety of products in order to “help emerging farmers enter farming or upscale operations to become commercial” (Makhura 2013: 84). Understanding that small-scale emerging farmers consist of high credit risk, the finance requirements for their development loan book were structured differently from those of the commercial loan book (Makhura 2013). That is, the democratic-era funding of farming in South Africa continued to be differentiated. Given that financing alone cannot guarantee success for emerging farmers, government agencies, intermediaries and mentors have provided non-financial support services such as information provision, agri-activities training, basic farming practices, livestock management, post-production practices, cash-flow management and budgeting, business and farm management, marketing of products and monitoring services (Makhura 2013). The democratic government’s desire to upscale and promote small-scale emerging farming is unambiguous. In addition to the development loan, the Wholesale Financing Facility was established as “a joint initiative that uses funds from the Land Bank, the National Treasury and the Department of Agriculture, Forestry and Fisheries to help (emerging) farmers to access finance at a lower cost through intermediaries such as agricultural cooperatives or companies” (Makhura 2013: 88). Whereas a normal development loan would cost 8% interest, the Wholesale Financing Facility is structured in order that the Land Bank and the intermediary receive 4% interest subsidy and the farmer pays only 4% interest (Makhura 2013). Notwithstanding these interventions for the promotion of subsistence and small-scale emerging farmers, the simultaneous deregulation and liberalization of the agricultur-

al industry thrust South Africa into the unforgiving global agro-food systems and networks. As a result, “domestic producer prices are also influenced by the international prices of commodities and the exchange rate” (Makhura 2013: 94), rendering agricultural inputs inaccessible for the dispossessed majority. Overall, the adoption of an international system of floating exchange rates in the 1960s and “the deregulation of the agri-industry in the 1990s” were the two “most important structural changes that affected the agri-industry” (Makhura 2013: 95), inherently excluding the possibility of the *willing-seller, willing-buyer* principle benefiting the dispossessed. Consequently, the Minister of Agriculture’s 2006 Task Team commissioned to compile a due diligence report on the Land Bank’s affairs recommended that “the bank pursue a new business model that focused on developing subsistence farming and financing emerging farmers and, to a lesser extent, commercial farming” (Makhura 2013: 78). By 2007, though, food prices were already escalating simultaneously as “a memorandum was imposed on sequestering emerging farmers experiencing financial distress” (Makhura 2013: 78). Over the years, “the composition of agricultural products exported has also gradually changed” whilst production of staple food products declined in relative terms (Makhura 2013: 92). Commercial farmers are, however, keen to expand the scope of grain production required for the purposes of processing ethanol (Makhura 2013). Since at least 2008, the South African consumers have endured soaring food prices. Presently, South African farmers are able to hedge grain prices through the South African Futures Exchange and/or “presell a portion of their produce to food processors and wholesalers” (Makhura 2013: 94). That is, the case for a willing-seller, willing-buyer principle bears no business economics justification as it equally does not provide for socio-political transformative imperatives.

The Business Economics of Agricultural Land Restitution and Redistribution

A democratic South Africa’s agricultural marketing policies have since 1996 sought to liberalize and deregulate the full agricultural value chain in an approach described as “big-bang”, creating agro-food sub-hegemonic regional systems in which the most food-insecure house-

holds' experienced perpetual risks and threats as the cost of their staples escalated drastically (Jacobs 2008, 2009; Traub and Jayne 2008). The 1984 White Paper on Agriculture imposed far-reaching market-oriented reforms and, the Marketing of Agricultural Products Act No 47 of 1996 provided for a liberalization and deregulation template within which all other policies, including the 1997 Land Reform Programme, the 2001 Strategic Plan for Agriculture and the 2006 Broad Based Black Economic Empowerment in Agriculture (Agri BBBEE), unfolded (Jacobs 2008; Jacobs 2009; Traub and Jayne 2008). Section 2 of the Act extends deregulation and liberalization to all other spheres of agriculture (Jacobs 2008, 2009). Together, Section 2(2) and 16 of this Marketing of Agricultural Products Act of 1996 thrust smallholders into agro-food globalism and agricultural export chains (Jacobs 2008, 2009). Under this Act, and the National Agricultural Marketing Council (NAMC) it established, market forces were unleashed as the key drivers of agricultural business activity and resource allocation. The 2001 Strategic Plan for Agriculture merely endorses this market-oriented approach and accepts that supermarket chains have become dominant in the agro-food value chains where they are powerful in negotiating and determining producer prices, locally and internationally (Jacobs 2008; Jacobs 2009). With this governance, the focus of farming in South Africa "shifted from maximum output to producing quality produce for a particular market" (Makhura 2013: 94).

The current strategy by the Department of Land Affairs (DLA) is by categorizing the Black farmers into four categories which include "subsistence", "semi-commercial", "pre-commercial" and "commercial" (Hall and Williams 2000). The move is meant to empower the Black farmers into becoming economically productive farmers (South Africa 2014: 26). Experience in India demonstrates that land reform improved both the physical and human capital of the rural poor enabling them to contribute to the overall economy of the country (Hall 2003, 2004; Metelkerkamp 2011), while on the other hand land dispossession has widened than before, because 10% of the richest households own more land than what they used to own before (Sethi 2006). The outcomes of redistribution are always that divisible on prospective beneficiaries, imposing severe limitations on the ability to use the land

productively and viably. In such instances even the new owners of land through redistribution can hardly use the land for agricultural activities or any economic purposes other than leisure and political sentimentalism.

The productive use of agricultural land should be measured in terms of economic returns generated, despite the nature of its use which can either be for hunting, cattle farming, crop farming (Malpas n.d) and tourism or recreational facilities (Hardy et al. 2003; Sebola 2006). The characteristics of a productive land are intricately associated with the land-use capacity and the economic suitability for use (Rositter 1995; Ruben et al. 2008). Land is a main source of the income-generating economy of a country involving accumulation of revenue through property tax as well as both property tax and that from mixed outputs of agricultural land. Therefore, there is a need by the government to be conscious when dealing with land issues in order to avoid disastrous business and economic consequences that may emanate from unfavourable policy decisions. The use of land in business and economic terms involves benefits of considerable value, which are produced at high costs (Rositter 1995; White 1998; Cheshire and Sheppard 2002). Not everyone can be able to generate such benefits from the land given for agricultural purposes. The land issue in South Africa should rather be solved from a mutual balance of the business economics of agricultural land and socio-politics of equality.

Almost 12 % of South African land can be used for crop production (South African Info 2013), thus giving it a fair advantage in producing agricultural products. However, this potential is often limited by the annual rainfall of the country (Makhura 2013). Indeed, agriculture generally contributes to the structural transformation of economies through labour provision, capital, foreign exchange and food provision to the large population (Meyer et al. 2009) and, therefore, the justification for examining South Africa's land issue from the business economics lens, without necessarily discarding the political perspective. Equally, South Africa's agricultural sector is from a global perspective far less fairly competitive because of poor strategies and unfair trade practices with its trade partners (Ortmann 2005; Meyer et al. 2009), thus limiting its contribution to the national economy. Its contribution to the Gross Domestic Products

(GDP) has declined to at least 2% in the last four decades (Makhura 2013). This is very much disappointing considering that neighbours such as Malawi (39%), Mozambique (31%) and Zambia (18%) recorded fairly good contributions of agriculture to their GDPs (Mucavele 2008). There exists no scientific evidence of the current land allocation based on both restitution and redistribution model affecting the business economics and performance of agriculture in South Africa. Considering the current overall low contribution of agriculture into the GDP of South Africa, it could be argued that there would be a potential to worsen the business economics of agricultural land with the allocation of land to the previously disadvantaged communities. However, much of this argument has not been supported by proper business economics models. The redress of land too is not supported by a business economics model that is designed to preserve agricultural output. It is clear that the change in the use of land will in one way or the other affect its productivity (Lubowski et al. 2008). The Zimbabwean experience has thus far proved that dealing with the agricultural land issue outside of a thorough business economics consciousness is but being a costly exercise that threatens both human dignity and the country's leadership status.

South Africa is currently no exception to the rule in relation to the Zimbabwean situation when it comes to the economics of agricultural land for redistribution (Mwatwara 2013). South African farmers most of whom are predominantly White minority, face vast of challenges of land reform, new labour legislation and minimum wages, property taxes, skills levies, uncertain water rights, volatile exchange rates, high transport and communication costs (MacNicol et al. 2007), which render the economics of agricultural land to be a risky business practice for farmers in South Africa. Currently, there are more potential threats exposing farmers to the difficulty of the business of agricultural practices which sounds more like they are punitive to large scale farmers. To a large extent, most commercial farmers tend to be discouraged from pursuing risky agricultural business. That happens mostly in White owned agricultural farms in which the intervention of the trade unions cannot be easily cleared of the emotive politics of land. As it may seem, not only are the White farmers facing the negative economic loss associated with their

agricultural land, small-scale farmers too suffers the lack of financial support from government (Aliber and Maluleke 2010; Scherer 2013). This implies that emerging Black farmers do not only face lack of capital support, but also the slow pace of land distribution which the government could have slowed because the adopted models are not benefiting the current beneficiaries as expected. As Aliber and Maluleke (2010) note, the South African government approach of re-capitalization campaign that started in 2009 was a response to the failing approaches of land redistribution. For some reasons, government has a limited budget with other significant competing priorities such as health and education (Driver 2007; Meyer et al. 2009; Atuahene 2011), hence the failure to pay more attention to land issue than other critical matters of the state's responsibilities. Importantly, commercial farmers are squeezed through the liberalized and deregulated agricultural markets, making their businesses exceedingly difficult to operate, whilst simultaneously failing to provide for the domestic food security needs of the nation.

In general, South Africa's land reform through restitution and redistribution has failed (Aliber and Maluleke 2010; Qalam and Joshua 2012). In its ingredients of failure, it has caused the government not only the financial loss (money government spend on buying land and equipment's for Black beneficiaries), but also substantial economic loss from the agricultural production (loss of tax revenue from collapsed agricultural projects by Black beneficiaries). As it may be argued, South Africa's land reform programme is exceedingly ambitious with inherently contradictory objectives (Hall 2003, 2004, n.d; Qalam and Joshua 2012) of equity and efficiency. Many incidences of the application of these two objectives in South African policy environment have always resulted in tension and policy paralysis. A similar example might include the government plan to affirm previously disadvantaged individuals in employment position while expecting productivity from such strange incumbents in strange positions. It is arguable that equity and efficiency cannot be simultaneously achieved as a goal in any administrative process, because equity includes elements such as compromise and fairness, while efficiency may include sticking to the rules and being assertive and business-driven. It could be unfair to expect poor South African Black beneficiaries to be able to successfully operate large-scale farming without necessary skills and experience. In

South Africa the redistribution of land to the people is premised highly on political and moral grounds, but at the same time with little intention to provide the beneficiaries with a practical knowledge for economic land use and for developmental purposes. Most studies conducted between 2001 and 2008 respectively by the Department of Land Affairs and Commissioned reveal that land allocated to Black beneficiaries have failed with no agricultural production and were deserted or were not providing any active service (Aliber and Maluleke 2010; Qalam and Joshua 2012). Not only are such anomalies of the use of agricultural land limited to those years, it continues to date. In Limpopo province, a farm awarded to the Machete, Mokoena, Sethoga and Rasesu families called Danstat in Musina (Pont-drift, along the Limpopo river) was bought from a progressive farmer at R56 million by the government through a willing-seller, willing-buyer principle. The farm had a competitive business running productively which included citrus, fishery and game, including elephants. The farm had an employer record of about 300 employees from nearby rural settlements. A successful land claim lodged and completed in 2012 had reduced the farm into one of the worst economic loss ever. The beneficiaries on the farm are now counting to only three households (compared to more than 300 that started the land claim process) with most of the business activities of the farm having collapsed to zero. This example shows that there are a series of anomalies associated with the processes of giving the land back to the dispossessed people. The move is often very costly to the government, not only in terms of financial losses expended from the money incurred by the government in buying land for the dispossessed beneficiaries, but also in terms of revenue loss from taxes unpaid from services of those lands which are now economically inactive and deserted by dispossessed beneficiaries. Not only is the financial and revenue loss that became a problem of this initiative, the agricultural land's ability to create employment has also contributed to the unemployment rate.

**CAN RESTITUTION AND
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Other than not responding to the business economics, these two approaches to agricultur-

al land redress do not contribute progressively to the socio-political transformation of the lives of the dispossessed majority. Thus far, South Africa is listed among the countries of the world (Zimbabwe, Namibia and Australia) with an incomplete land reform process (Bester 2003; de Villiers 2003) with no end in sight.

The agricultural land is by nature expected to generate and maximize returns from the land used (Irwin and Geoghegan 2001; MacNicol et al. 2007). There are basically two major problems of land reform in South Africa which threatens the business and economic success of land redistribution. This includes the models of land use by the beneficiaries and the manner of land claims by the beneficiaries.

The manner of land claim in South Africa, as it is in similar countries, may be a threat to the business and economic viability of the agricultural land, which in the long-term affects the nation adversarially. Without necessarily denying the injustices created by the *Native Land Act of 1913* on the South African Black communities, most land claimants are made on economically active commercial farms, largely because Africans were removed from the same fertile lands. The weakness of this assertion is that the majority of claimants' require the land back for residential re-settlement and, sometimes, political sentimentalism, thereby halting of active commercial agricultural production of affected farms targeted for claims. This approach is highly suicidal considering that most claimants lack foundation of formal education and, therefore, unconsciously ignoring the business and economic impact. A former CEO of Land Bank in post-apartheid South Africa asserted that after years of providing loans successfully to South African commercial farmers with full debt recovery (referring in this case to Whites minority class), his worst experience was when he signed billions of rands of the Bank to African farmers (Indigenous Black South Africans) in which, instead of paying their loans back they send him a message to go and tell Thabo Mbeki (the then state president) that they will not pay any cent back of the loan they have taken (Makhura 2013). This assertion demonstrates that the beneficiaries are neither set to use the acquired land as a productive asset and/or investment capital. As a political and emotive process, such land redress would imply that government does not derive tax from unused or unproductively used lands. A conscious and economically-thought

and business-oriented approach is important in dealing with issues of land restitution and redistribution.

There are commonly four partnership models that are used in agricultural practice to benefit the dispossessed (Aliber and Maluleke 2010; South Africa 2014: 9-10) and at the same time increasing the possibility of the economic productivity of the distributed land. Those are farm worker share equity schemes (in which land redistribution applicants are awarded grants to purchase equity in a going concern and become part of the farm management), strategic partnerships (in which an operating company is created and the community owns half or more of the share and the strategic partnership balance in which the agricultural land operates through a lease agreement wherein the present owner is expected to transfer skills and employ beneficiary communities) and, the out-grower schemes (in which the small-scale farmers are linked to an agro-processor). The adoptions of any of these models are not a problem *per se*, but the unknown nature of these models by the dispossessed beneficiaries could pose a political voting challenge that the ruling party may not seek to confront. However at small-scales, these models have not only been applied to improve the efficiency of agricultural land for the dispossessed in South Africa, but have also been attempted in communal nature reserves (Sebola 2006). But to a larger extent most South African beneficiary communities have spent most of their time arguing with their Communal Property Associations (CPA) about which model to adopt and often failing to delegate their representatives to enter into such unknown contracts on their behalf. As a result, acquired land properties end up unused. To those beneficiary communities in which the CPA succeeded in entering into contracts with partners to improve the effectiveness of the claimed agricultural land, members of the beneficiary communities have continued to hold negligible knowledge and skills about the activities taking place in their agricultural land. Equally, social stability and legality is critical to any business model that South Africa may wish to adopt thus, the socio-political transformation is as important as the business economics imperatives.

CONCLUSION

This paper concludes that the land reform process in South Africa requires a refocus which

will ensure that there is equal consideration of business and economic justification in allocating land to the previously disadvantaged beneficiaries. The overwhelming emphasis on political emotive rationale for land redress will remain unhelpful in the pursuit of the national socio-economic transformation. In the global context of capitalist development, the business and economics of agricultural land-use cannot be overemphasized. The paper calls for a nuanced approach to land redress in order to rebalance the imperatives of the business economics with the socio-political transformative sentiments, which may ensure that both the state and the citizen benefit from the land reform process. Apparently, there is a requirement to maintain a judicious balance between socio-political justification and the business economics considerations. The paper argues that South Africa's version has overemphasized the sentimental value of agricultural land far above the business economics imperatives. It concludes that a refocus is necessary to ensure a balanced approach for the future economic stability, legality and order within which national development could unfold.

RECOMMENDATIONS

Emanating from arguments raised in this paper, the authors made the following four recommendations:

Firstly is that the government of South Africa should look at the land reform perspective from the both the political and economic perspective without compromising the economic justifications. Such will assist the government in taking an approach that differs from the Zimbabwean neighbours which resulted in economic shame.

Secondly, the government needs to redefine the role of Communal Property Associations (CPA) from being inactive institutions to functional institutions that will benefit the local communities in the management of communal resources. Such will assist in keeping beneficiary families working together on the claimed land.

Thirdly is that the benefiting communities are to be well educated and trained about land use and to be informed of their rights and responsibility about their land. Such will assist in limiting the number of deserted farms by beneficiaries.

Lastly, a further research is required in which the South African government should establish whether large commercial farms which contribute to the economy really need to be claimed or not. Such study will assist in the sense that in South Africa most beneficiary communities only put land claims on lands that are economically productive which ultimately result in losses of productivity after being given to new beneficiaries.

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