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RADICAL ECONOMIC TRANSFORMATION

NEVA MAKGETLA: Using land as an emotive symbol will not fix problems

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The real problem is neither the law nor the cost of land but the authorities' failure to use existing legal powers to drive transformation, says the writer. Picture: 123RF/JOHN WOLLWERTH

Somehow, land expropriation has become central to demands for radical economic transformation. Its supporters present it as a panacea for most of SA's socioeconomic ills, extending beyond the obvious challenge of rural landlessness to overall economic and social inequalities, widespread poverty and the pressure on metropolitan housing.

Land ownership has long been a powerful symbol of oppression in SA. The violent dispossession of African

communities from the 19th century through to 1994 destroyed livelihoods and often families, laying the foundation for apartheid's vicious residential policies and the migrant labour system.

Many longstanding city residents can tell you about grandparents or great-grandparents who were reduced from independent farmers to labour tenants, then pushed off their land altogether.

Today, however, land ownership is no longer a central cause of inequality, and the Constitution already permits expropriation for land reform.

True, the state's armed theft of land from black communities and families underpinned the original production of inequality in SA. But in modern economies inequality is reproduced primarily by the concentration of ownership in finance, manufacturing, services and mining; extraordinarily unequal basic education; discriminatory work organisation and infrastructure backlogs in historically black communities.

Transforming these systems is hard, complex and costly, and they won't be fixed by making it cheaper to expropriate land. To start with, land is only a small share of modern wealth.

Agriculture accounts for just 6% of the value of capital stock in the economy, down from 19% in 1946, the earliest available figures. Moreover, according to the official Labour Market Dynamics survey, about a third of the 50,000 commercial farmers (defined as formal agricultural employers) are now black. Statistics on the overall value of buildings aren't available, but they dropped from a third of annual investment in 1946 to a fifth in 2017.

Land ownership does affect rural livelihoods and urban housing. But the real problem is neither the law nor the cost of land but the authorities' failure to use existing legal powers to drive transformation. Land reform should enable more rural people to make a decent livelihood from farming. But only a third of the population now lives in the countryside.

Moreover, the narrow focus on legal tenure largely reflects foreign experience, not SA's realities. In Asia and Latin America, land reform meant eliminating exorbitant rents for established farmers. In SA, in contrast, it largely aims to set up new farmers or help experienced farmers move to new land. Those farmers need not just land but also water, infrastructure and housing; equipment and other inputs; and supportive market, finance and extension institutions. Providing land first and leaving other requisites to an unspecified future has proved problematic.

Meanwhile, urban planning still banishes working people to the fringes of the big cities, far from economic opportunities as well as the best schools and other amenities. Consider Johannesburg: within the ring of freeways around the CBD and Sandton there are nine golf courses and mushrooming gated complexes for the rich, but no large low-income housing developments.

This outcome partly reflects the high cost of land near city centres. Yet the Constitution permits land expropriation for a fair price in the public interest. Cities have other instruments too. For instance, they could require all new developments, however posh, to include some low-income housing.

In sum, using emotive symbols to communicate policies may win debates but rarely fixes much in practice.

• Makgetla is a senior researcher with Trade & Industrial Policy Strategies.



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