

Who should benefit from land redistribution, and at what scale?

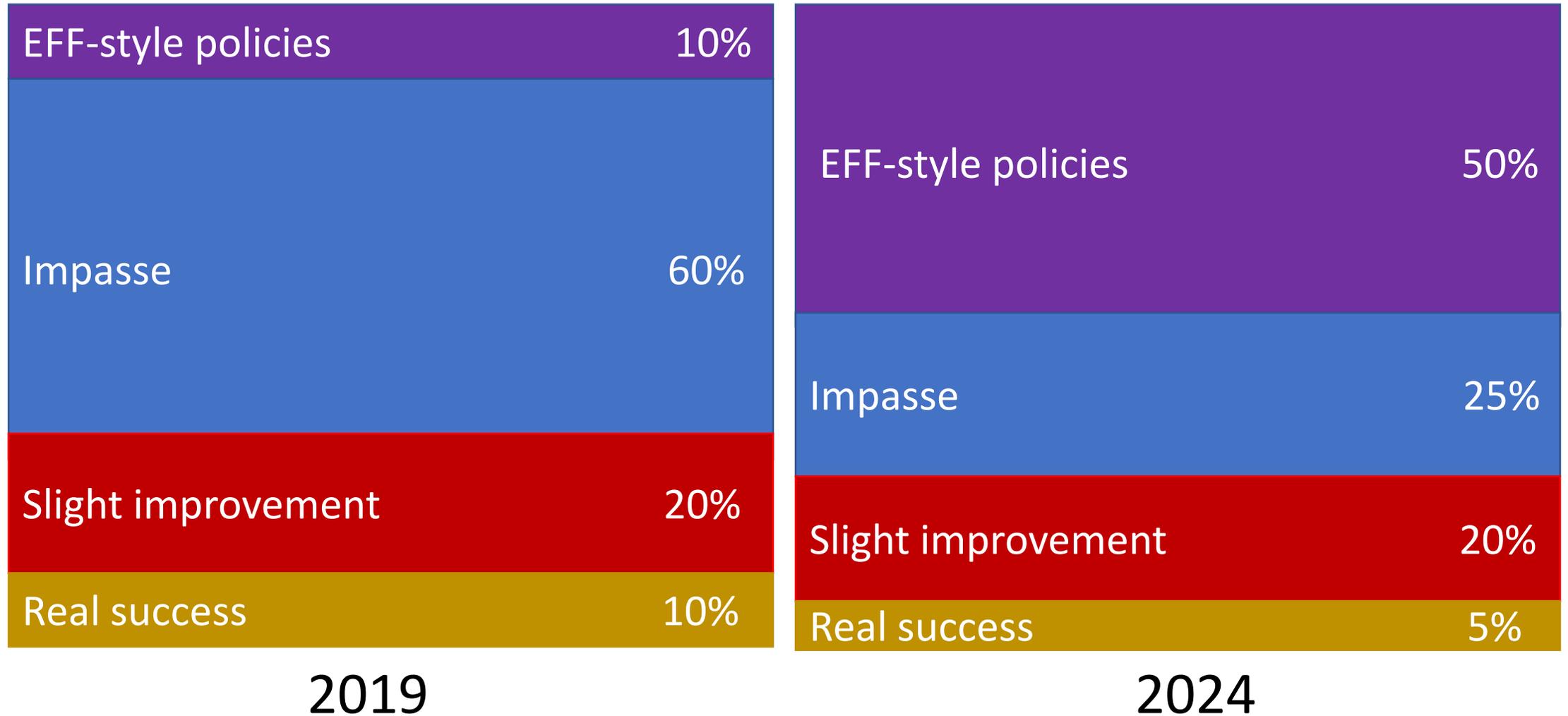
Ben Cousins
PLAAS, UWC

Why we need to be very serious about land reform

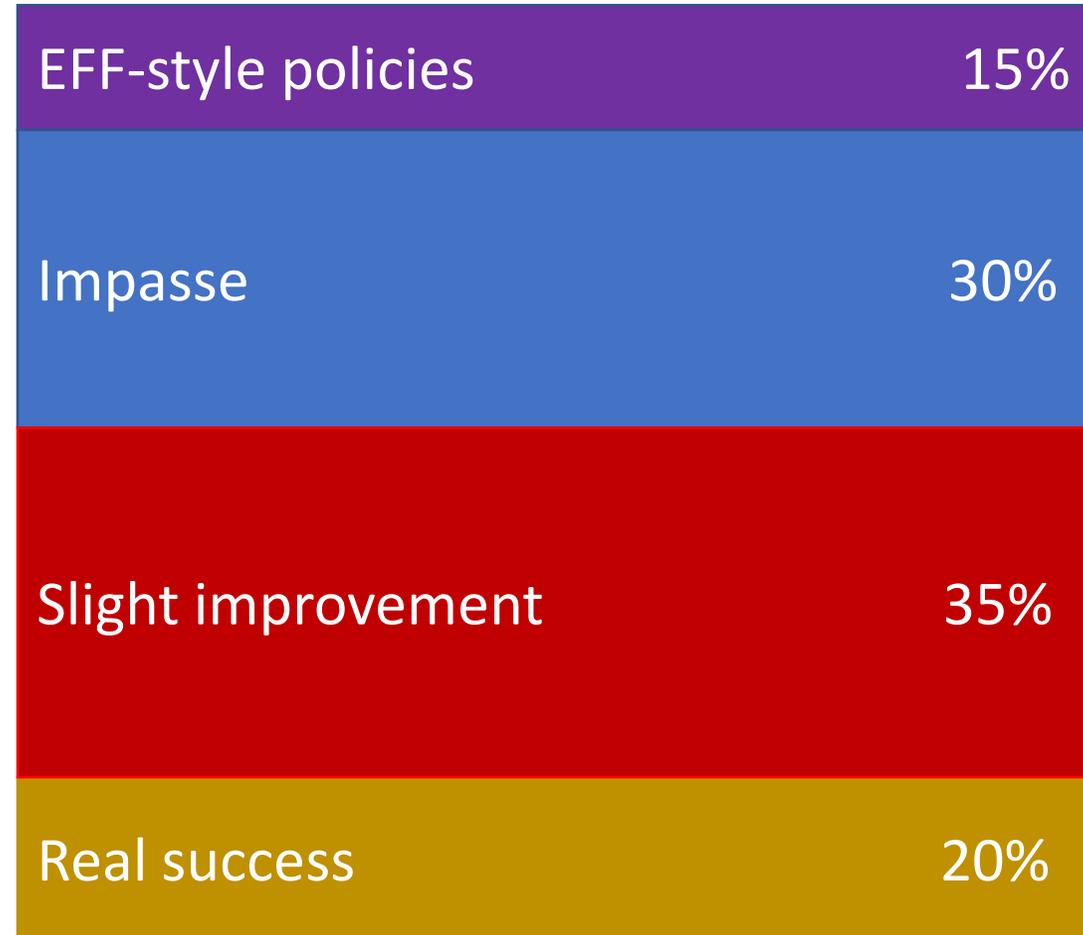
- Gini coefficient for income = 0.7
- Gini coefficient for wealth = 0.9
- Unemployment for working age adults (including discouraged job seekers = 34 - 37%
- Unemployment for youth (18-35) = 55%

- Land reform cannot resolve the larger problems of poverty and inequality, but can make a small contribution
- Land reform is necessary to counter destructive forms of populism

If land reform is ineffective, the likelihood of destructive populist policies will increase



If strong leadership succeeds in making land reform effective, the likelihood of destructive populist policies will decrease



2024

Three scenarios for the agricultural sector with land reform ('agrarian reform')

Underlying assumptions:

- 200 000 ha of additional land under irrigation (not 500 000 ha as in NDP)
- Government supports expansion of labour-intensive 'winners', e.g. fruit and veg (as in NDP)
- Improved livelihood of small-scale farmers = a 'job' (NDP)

Scenario A: intensification of commercial farming, together with slow but successful land reform

- 280 000 new jobs are created in commercial agriculture and forestry, including through upstream and downstream linkages
- Strong focus on fruit and vegetable production, and including some successful land reform projects (e.g. restitution claims on forestry land and revival of failed citrus farms)
- 60 000 jobs are lost through mechanization and displacement following land reform
- *Net job creation: 220 000 jobs/livelihood opportunities*

Refs: Genis 2018; Clarke 2018

Scenario B: NDP vision amended: support for labour-intensive 'winners' + communal area farming, + revival of failed land reform projects (scale: redistribution of 30% of commercial farmland)

- Number of jobs in commercial & communal area farming = 40% of NDP, since less water available for irrigation (additional 200 000 hectares, not 500 000 hectares)
- 152 000 jobs in commercial agriculture, including through up- and downstream linkages, 194 000 in communal areas, and 105 000 in land reform (i.e. NDP estimates)
- 100 000 jobs are lost
- *Net job creation: 351 000 jobs/livelihood opportunities.*

Scenario C: amended NDP estimates for commercial and communal farmers, but 60% of commercial farmland redistributed (incl. 400 000 hectares under irrigation + additional 100 000 hectares under irrigation for land reform beneficiaries

- 152 000 jobs in commercial agriculture, including enhanced upstream and downstream linkages, and 194 000 in communal areas, as in Scenario B
- 1 117 000 jobs in land reform, assuming 48 million hectares of farmland is redistributed in the following proportions:
 - black commercial farmers - 20% of land
 - market-oriented smallholders - 60% of land
 - subsistence-oriented smallholders - 20% of land'
- Assumes 500 000 ha of irrigated land (1/3 of total) are cultivated by smallholders and 1.3 jobs per hectare are created
- 200 000 jobs lost
- *Net job creation: 1 263 000 jobs/livelihood opportunities*

Pie in the sky? Or a new dawn?

CONSTRAINTS

- Dysfunctional government
- Lack of necessary expertise
- Poor understanding of smallholder farming systems
- Lack of data on whole ag sector
- Competing demands for water
- Competing demands on fiscus
- Conventional financing models inappropriate for smallholders

OPPORTUNITIES

- Private sector now taking land reform very seriously
- Political will for real land reform may now be emerging

Reality checks

- Incomes for smallholder farmers and their workers will be low
- Most pressure is on urban land for settlement, which urban development policies must address
- If unemployment remains very high, then even successful land reform will not hold off destructive populism
- Uncertain which faction of the ANC will win the battle for the soul of the party