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CREDIBILITY IN LAND REFORM POLICY IN SOUTH AFRICA AND ZIMBABWE

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ABSTRACT

At the time of Zimbabwe's independence and the end of the South African Apartheid, a racially skewed land ownership had developed. Once the black dominant governments came into power in each country, land reform became a priority. Each country's land reform involved multiple parties that have opposing interests. Reflecting on this complexity, multiple attempts to amend land reform approaches have been made over time. This paper focuses on 1980-1990 for Zimbabwe and on 1994-2004 for South Africa. These periods mark these countries' first decade of land reform and represent eras when both employed a market-based approach commonly known as the 'willing buyer, willing seller' policy (James, 2007). Looking at these specific periods shows how policy credibility is decisive. The paper contends that the degree of credibility in terms of the commitment to abide by the promised path of land directly affected the decisiveness of policy outcomes.

I. INTRODUCTION

At the time of Zimbabwe's independence in 1980 and the end of the South African Apartheid in 1994, a highly skewed land ownership by the white minority had developed. Once the black dominant governments came into power in each country, land reform became a priority – as restitution and as a means for equitable growth (Weiner, 1989). Land reform is a complex issue as it involves multiple parties with opposing interests. Given this complexity, multiple attempts to amend land reform approaches have been made over time in both Zimbabwe and South Africa.

This paper focuses on 1980-1990 for Zimbabwe and on 1994-2004 for South Africa. These periods mark these countries' first decade of land reform and represent eras when both employed a market-based approach commonly known as the 'willing buyer, willing seller' policy¹⁰⁰ (James, 2007). Looking at these specific periods shows how policy credibility is decisive as an outcome determinant.

This paper first evaluates why each country adopted market-based reform and its subsequent implication on citizens' levels of trust and expectation regarding the policy. Second, it analyses characteristics of institutions involved with land reform and argues that these institutions reinforced the perceived degree of credibility of the policy even further. The paper contends that the degree of credibility in terms of the commitment to abide by the promised path of land directly affected the decisiveness of policy outcomes. Hence, it is important to note the significance of perception on the path of policy development.

II. SOVEREIGN CHOICE AND CREDIBILITY

Both Zimbabwe and South Africa initially implemented the 'willing buyer, willing seller' land reform policy once blacks dominated government for the first time. While Zimbabwe did not have autonomy in choosing the policy, South Africa, without entrenchment into their sovereignty by international actors, voluntarily chose the policy. However, this perceived constraint transformed Zimbabwean land reform policy into a credible promise that South Africa failed to emulate.

Following its independence, the black government in Zimbabwe could not implement its preferred policy option; as a mean of restitution to blacks, the black government preferred more radical and forceful land reform with less regard for existing white property owners than what was actually implemented (Palmer,

¹⁰⁰ Willing buyer, willing seller: It refers to a market approach (i.e. transfer of land ownership occurs only when sellers and buyers agree on the land price). In principle, sellers ask for market value and the government subsidizes the cost for buyers.

1990). It was because becoming a sovereign government with internationally recognized legitimacy required the new government to sign the Lancaster House Agreement with the United Kingdom. This agreement dictated the terms of land reform to be 'willing buyer, willing seller' for the next ten years, and in exchange, the Zimbabwean government was promised the subsidization of half of land reform costs by the UK (Palmer, 1990). Although the new government was not content with the arrangement, the involvement of the UK government in land reform gave confidence and viability to the policy. This confidence allowed for continuous farming by the white commercial farmers, who were responsible for the majority of the country's agricultural products and helped to form stable expectations of the future (Villiers, 2003). Occasionally, Zimbabwe's black politicians publicly argued for forceful land reform, but it was clear that any change would be made after the Lancaster Agreement expired. Observers described unfettered confidence in the policy by those who were most vulnerable to the policy: "The white land owners seemed to realize that they had nothing to fear from the Black government" (Claxton, 2003, p. 536). The written agreement and the backing of the UK government meant that there was more certainty surrounding the promise of land to farmers during this time of land reform than at any earlier time (Villiers, 2003).

Zimbabwe's dire economic prospects further tied the new government's hands in delivering reform policy. Deteriorating macroeconomic conditions forced the government to rely on the white population to be productive for earning foreign exchange and relieving the fiscal deficit. At the same time, its neighbour Mozambique's experience during its transitional period alarmed the new government that the success of the white population was crucial for its own success. Reflecting this position, the main aim of land reform changed from growth with equity to export-led growth (Weiner, 1989). Throughout 1980-1990, there was little doubt that Zimbabwe could deviate from its written promise.

The white land owners' rights in South Africa were also protected in writing via the constitution and legislation. Market-based reform and protection of existing land rights were the result of sovereign political decisions. International actors such as the World Bank merely expressed their opinion by recommending the market-driven policy. However, the voluntary political agreements could not quell doubt about the government's commitment to the market approach, even with the establishment of the Department of Land Affairs (DLA), which dealt specifically with the land reform. Rather, the department itself was considered a source of unreliability in the government's commitment, as the DLA was allocated with only 0.4% of the GDP for its budget, which was well short of the required amount to buy land at market value (James, 2007). Hence, when both Zimbabwe and South Africa experienced a slow reform process due to each government's inability to meet the high costs of land values on its own, the absence

of external actors influencing the South African government raised doubts about the credibility of the government's commitment toward the announced policy.

Just like Zimbabwe, after realizing its inability to attain the original policy aim, South Africa changed the main aim of land reform from alleviating rural poverty to creating black commercial farmers (Claxton, 2003). Also, despite the clear lawful protection of land owner rights, South African officials often publicly threatened to nationalize land to speed up the process. Their comments were understood as empty threats, but the slurs and the policy aim, which was incongruent with South Africa's market-driven approach undermined faith in the government's policy pledge even further (James, 2007). The change of policy aim and the occasional threat of deviation from the government's original promise became signs of policy quandaries in South Africa.

Both countries adopted the same 'willing buyer, willing seller' based land reform, and both experienced a slow process as the result of high costs and politicians often made public threats toward coercive measures. However, the difference in confidence in policy was the UK government's involvement and economic desperation that tied the hands of the Zimbabwean government to comply. This seemingly undesirable imposition enhanced the credibility of land reform policy in Zimbabwe.

III. INSTITUTIONS AND CREDIBILITY

Differences among institutions shaping land reform directly affected the degree of credibility in each government's commitment to its 'willing buyer, willing seller' policy. South Africa had stronger checks and balances by opposition parties, but this undermined effectiveness of land reform and weakened the faith in a future commitment toward the policy. In South Africa, two dominant parties, the African National Congress (ANC) and the National Party (NP), negotiated future politics in the post -Apartheid era, with sharp contrasts in interests. This bargaining over multiple political cleavages compromised the potential efficacy of land reform. The ANC largely represented the blacks' interests, and the NP, having advocated for Apartheid, represented the whites' interests. Each party had a preferred policy option over every negotiated issue, and land reform, being one of them, also was a zero sum game in isolation. Ultimately, a tug of war translated into overall balanced power between the parties by having one issue in favour at the concession of another. In the context of land reform, political factions in South Africa agreed to preserve rights of existing property owners as part of the agreement on land reform (Atuahene, 2011). Another political decision that seemingly does not relate to land reform directly and yet directly affected land reform was to let bureaucrats of the Apartheid era keep their jobs.

Such policies, each of which was negotiated in isolation with a clear division in preference, constantly blocked the land reform process because of their incongruent directions. Supposedly, the beneficiaries of land reform were constrained by the complex system, which intentionally made a unilaterally favoured move by one party costly. Doubts about the capability of the policy were further intensified by incompetent bureaucrats with questionable motives, from the beneficiaries' point of view, toward land reform policy. These bureaucrats were the very people who had implemented the Apartheid policies upon the new beneficiaries only a few years ago (Goforth, 1998). Visibly slow progress, along with growing doubts about policy ability, resulted in the inevitable outcome. South Africa, a traditional food exporter, now turned into a net importer (IRIN, 2008). Land reform was considered at fault and raised questions about the desirability of a continuous commitment to the existing policy path. South Africa's more mature institutional structure responded to growing concerns by amending policy details (Villiers, 2003). However, the responses were too fragmented and marginal to restore either the credibility or the competency of the policy.

This contrasts sharply with the Zimbabwean experience, where the government was active in facilitating the reform process, supporting small black farmers (Lahiff, 2010) and at the same time preserving the confidence of white commercial farmers. Overall, agricultural output of white commercial farmers did not suffer significantly following the reform, and new small black farmers showed signs of competitive productivity (Weiner, 1989). This confidence in the effectiveness of the program was reflected in the outcome throughout Zimbabwe. The *UK Overseas Development Administration* described the reform as "one of the most successful aid schemes in Africa" (Villiers, 2003). The positive cycle from credibility to effectiveness, and again from effectiveness to credibility in commitment, moved the country forward.

The credibility of its policy commitment was reinforced in Zimbabwe, which thrived despite the possibility of disruptive institutional change that could affect the land reform path. The absence of consistency in opposition parties, the absence of clear checks and balances by opposition parties, and attempts to transform Zimbabwe into an ideologically Marxist one-party state created institutional uncertainty (Shaw, 1986). Zimbabwe's weak political democracy inevitably fostered corruption, but even the corruption in this time period rather strengthened the credibility of commitment in land reform policy to remain in status quo form. The most powerful trade union group, the Commercial Farmers' Union, newly included the black elites who were corrupt land owners (Palmer, 1999). As a result, the white land owners and the black elites together led existing land reform with the same preferential goals. Land reform was the common ground for elites in Zimbabwe. Overall, inequality of the country suffered as poor black people could not be empowered as quickly (Weiner, 1989), but the policy path was not questioned, even during periods of institutional uncertainty and corruption.

It seems ironic that South Africa's democratic and western-like institution was the root of unreliability when the same policy was in place. This paper does not argue that South Africa's political format per se is at fault and acknowledges that the country's institution possibly guarded South Africa from following the same disruptive path that Zimbabwe had gone down. Nevertheless, the lesson is clear- having an ideal type of institution is not enough and even can be detrimental if it undermines the perceived credibility to the commitment in policy. In South Africa, the lack of faith in policy path unavoidably resulted in an undesirable policy outcome.

IV. CREDIBILITY AND PREDICTABLE RESPONSE

Given the perception of the policy, the outcome of land reform was predictable: a disappointing process and adverse policy outcomes in South Africa. It has already been mentioned that the agricultural outputs of each country reflected the degree of perceived credibility of commitment to policy. This was further resonated via capital flight – in particular by the white population in South Africa. For example, Finnoff et al. has shown that, compared to the last 13 years of Apartheid, capital flight as a share of GDP increased by 70% in 1994-2000 (Finnoff, 2004). Of course, it was not the direct result of land reform, and many factors contributed to the outcome. For example, the declining share of the agricultural sector in the overall South African economy and the historical dominance of the white populace in high-skill employment imply that skills not related to land matter more directly for capital flight. Also, changes in international demand matching the white South African populace's skills encouraged capital flight (Epstein, 2005).

Nevertheless, this paper focuses on the fact that the white population had more powerful representation in terms of demographics, government bureaucracies, politics and economics in South Africa when compared with Zimbabwe. Sounder institutions governed the country with greater certainty over the future of South Africa, and both legislation and the Constitution ensured that unjustified treatment over the long-term future horizon would not occur. Hence, in theory, whites in South Africa should have felt more protected and the market-based reform should have worked better, but, as this paper argues, the fact that the opposite happened started with apprehension over the government's ability to deliver its promise. Capital flight was a reflection of that apprehension. This contrast to Zimbabwe, where capital flight by the white populace was not a concern and confidence in the future was not questioned (Bhorat et al, 2000), even though signs of direct threats against benefits to whites were more prevalent in the decade following the first land reform initiation.

Again, there have been more direct factors, such as affirmative action, which have been cited as the direct cause of capital flight in South Africa (Bhorat et al, 2002). However, this only demonstrates further why credibility and perception of policy are so vital. The whites' existing advantages are lawfully protected, and yet unlike land reform, greater perceived credibility of affirmative action rather than its actual effects, contributed to capital flight. Hence, the experience of the two countries shows that, more than policy form itself, the degree of credibility of policy and the degree of the public's assurance in the policy path lend predictability to the policy outcome. The different response to the same land reform policy, therefore, could have been predicted if the credibility of the policy had been considered.

V. CONCLUSION

Successful land reform is crucial in alleviating poverty, especially when historical injustices have intensified inequality within nations such as with South Africa and Zimbabwe. Both countries had similar demographical and historical backgrounds and implemented the same market-based land reform. On paper, Zimbabwe's policy should have been less effective in the decade following the reform, because the government was reluctant to protect the interests of existing land owners and reluctantly chose market-based land reform. Institutional structure was not predictable in Zimbabwe, as there were fewer assurances against abrupt changes. Nevertheless, restrictive policy options became a source of certainty for the policy. Zimbabwe's land reform process was speedier and more coordinated. This in turn leads to a more desirable policy outcome and stabilizes expectations regarding the existing policy path and its effectiveness. On the other hand, South Africa's democratic and more mature institutional practise did not consider its direct implication on uncertainty in reform implementation and inevitability gave rise to a detrimental policy response. The lesson from the two countries' land reform policies is clear. Credibility in commitment is vital for intended policy response to occur, irrespective of how the credibility is created in the first place. Therefore, future successful policy delivery must address how policies are perceived by the public over the course of time.

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