

IDEALISED LAND MARKETS AND REAL NEEDS: THE EXPERIENCE OF LANDLESS PEOPLE SEEKING LAND IN THE NORTHERN AND WESTERN CAPE THROUGH THE MARKET-BASED LAND REFORM PROGRAMME

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Idealised markets

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Small-scale farmers

South Africa



Abstract

Idealised land markets and real needs: the experience of landless people seeking land in the Northern and Western Cape through the market-based land reform programme

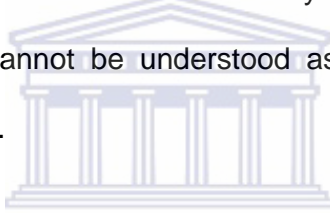
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This thesis interrogates the claim that resource-poor, rural land seekers can acquire land through the land market which constitutes the central mechanism of land redistribution in South Africa's market-based land reform programme. The study explores two key aspects in relation to this claim. Firstly, it provides a critique of the underlying assumptions prevalent in much of the current market-based land reform policy, as advocated by its national and international proponents, and the manner in which the market as a mechanism for land redistribution has been conceptualized and its outcomes envisaged. Secondly, it considers the extent to which this conceptualization - which it is argued, draws on idealized and abstracted notions of land market functioning - is realized and examines the extent to which the espoused outcomes of market-based land reform policy are aligned with or contradicted by the functioning of real markets and the experiences of resource-poor land seeking people in their attempts to engage in the land market with limited state support. The details of the market's operation are analysed, with a distinction made between the operational practice of real markets – based on direct evidence-based observation –

and degrees of policy abstraction and theoretical assumptions regarding how markets should or might operate.

The study's methodological framework draws on an agrarian political economy perspective, as used by theorists such as Akram-Lodhi (2007) and Courville (2005), amongst others. This perspective enables a consideration of the various contexts and socially embedded processes involved in land transactions and the extent to which these are shaped and framed by the politics of policy-making. In line with this perspective, the study focuses on the social relations brought to bear on the acquisition of land and the way in which land markets operate. It is suggested that land is not solely viewed as an economic commodity by land-seekers. Furthermore, it was found that markets cannot be understood as neutral institutions in which participants are equal players.



The key research questions considered in this study are the following:

- What are the operational dynamics of the land market?
- How do these dynamics enable or hinder the acquisition of land by prospective land reform beneficiaries?
- What has been the experience of those trying to acquire land through market-based land reform?

The study critiques the extent to which all the necessary components for enabling land market access and activity are present and considers the available scope for resource-poor rural land-seekers to engage in the land market with limited state support. The following synthesis of the key policy assumptions which underpin land

market transactions forms the basis of the critique, against which the findings regarding the operation of real land markets in the case study areas are matched:

- A product or commodity (land) is available and is accompanied by a requisite response and level of activity in the land market;
- Willing buyers and willing sellers exist and interactions and relationships of negotiation and exchange occur between these transactors;
- The market is accessible and information is available to all;
- Ready capital and financing is available for the purchase of land;
- A regulatory framework exists.

The findings provide an insight into the workings and efficacy of real land markets, based on an analysis of the title deeds for all agricultural land transactions over a five year period and within specified case study locations. These are compared with the espoused outcomes and principles underpinning market-based land policy, with its reliance on the land market as the primary mechanism for land redistribution.

This study found that in general terms South Africa has an active land market and the necessary infrastructure and regulatory framework to support it – such as a systematised deeds registry, financial services and systems, professional land surveyors and valuers, and associated information networks. However, while noting a degree of land acquisition within specific locales, the Department of Land Affairs' land reform programme and its accompanying provision of grants to prospective land reform beneficiaries, was found to be an inadequate response to the historical disparities, social inequalities and the socially embedded character of markets and land transactions. Consequently, the majority of resource-poor and marginalised land-seekers are unable to access the land market and are therefore

unable to acquire land. For them, the notion of the land market and their ability to engage with it remains an abstraction, an unattainable ideal. Interaction with the land market thus remains the preserve of those who have access to resources, specific social networks, information and finance.

The findings of this study point to a glaring gap between the State's espoused policy and real practice, between what the market (as characterised within a range of idealised and real configurations) is expected to deliver and the extent to which the actual level of land acquisition by resource-poor land seekers has been made possible by the State's response to land need and the implementation of its policy. In essence, this gap reflects a lack of integration between the spheres of what Bernstein (1994:3) refers to as 'market logic' and 'bureaucratic action'. A number of the causal factors for this have emerged as findings in this study and are linked to a set of core issues. These focus on the politics of the process surrounding the State's adoption of market-based land reform in the early 1990s; the manner in which the land market has been characterised in South African land reform policy and the implications of this for policy formulation and implementation; and the nature and level of support provided to would-be beneficiaries by the state.

The fundamental conclusion of this study is that a land reform programme premised on the land market as the key determinant of land redistribution, accompanied by the provision of limited grants and services to enable land acquisition by the historically dispossessed and landless, offers negligible promise or benefit to the vast majority. It is argued that this failure of land reform should be recognised not so much as one of market-failure, but rather of policy failure in the first instance.

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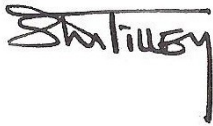
Declaration

I declare that, “Idealised land markets and real needs: The experience of landless people seeking land in the Northern and Western Cape through the market-based land reform programme” is my own work, that it has not been submitted for the purpose of attaining any degree or for any examination at any other university, and that all the sources that I have used or quoted have been indicated and acknowledged as complete references.

Susan Mary Tilley

September 2008

Signed:



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Abbreviations and acronyms

Act 126	Provision of Land and Assistance Act 125 of 1991
ANC	African National Congress
CASP	Comprehensive Agricultural Support Programme
DAC	District Assessment Committee
DACE	Department of Agriculture, Conservation and Environment
DFID	Department for International Development
DLA	Department of Land Affairs
DME	Department of Minerals and Energy
DoA	Department of Agriculture
DWAF	Department of Water Affairs and Forestry
ESTA	Extension of Security of Tenure Act
IDP	Integrated Development Plan
IMF	International Monetary Fund
LRAD	Land Reform for Agricultural Development Programme
NGO	Non Governmental Organisation
PFMA	Public Finance Management Act, 1999
PRLO	Provincial Land Reform Office
RDP	Reconstruction and Development Programme
SANParks	South African National Parks
S/LAG	Settlement /Land Acquisition Grant
SPP	Surplus People Project

Idealised land markets and real needs: the experience of landless people seeking land in the Northern and Western Cape through the market-based land reform programme

Chapter One – Introduction

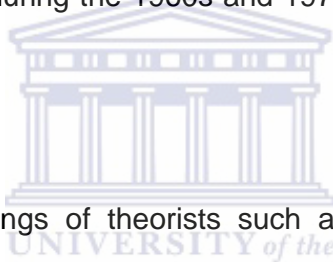
This chapter provides an historical overview of how South African land reform policy came to be informed by a market-based approach and includes a brief summary of the main features of the land reform programme. It also provides an overview of the key issues addressed in this study.

International developments during the 1980s and 1990s precipitated profound changes that informed the nature and focus of land reform around the world. The rise of economic globalisation during these decades resulted in the integration of the world economy more explicitly, and emphasised a reliance on market forces and the deregulation of trade and the economy (International Union of Food Workers, 2001). These significant changes were underscored by the belief that sustainable growth is achievable through increasing trade and investment and the role of the private sector, with a reduction in state intervention in the management of the economy and in the provision and expenditure on social services and development (Bernstein, 2002). Globalisation led to a shift in the world economy towards the 'free-market' and market forces came to be relied upon to shape and determine the path of the economy and the developmental needs of the population.

The catchwords of 'the market' or the 'free market' became central to the international development discourse of the 1980s and, according to White (1993:1),

“took on virtually magical qualities as a developmental panacea. In the world of ideas, it was an intellectual juggernaut given political force (and therefore intellectual credibility) not only by the dominance of neo-liberalism in the key metropolitan countries (notably ‘Reaganomics’ and ‘Thatcherism’), but also by the notion of ‘market socialism’ in the former (and, in the case of China, still) state socialist countries”.

This pro-market shift, largely driven by the World Bank and International Monetary Fund, impacted on the global arena of agrarian and land reform and militated against the more redistributive and interventionist land reform policies that had been prevalent in many countries during the 1960s and 1970s (IUF, 2001; Ghimire, 2001; Lahiff et al 2007).



Based primarily on the findings of theorists such as Deininger and Binswanger (1999) regarding the efficacy of land reform programmes since the 1960s and their rejection of state-led and compulsory models of land reform programmes, the World Bank advocated a new model of agrarian reform, known variously as ‘negotiated’, ‘market-assisted’ or ‘market-based’ land reform, where the principle of the willing seller/willing buyer transaction governs the form, pace and scope of land reform, and where the market is the central mechanism for land redistribution (Aliber and Mokoena, 2002; Ghimire, 2001; Greenberg, 2003; Department of Land Affairs, 1997; World Bank, 2003). According to this model, land redistribution is to occur via privatised, decentralised land transactions between ‘willing sellers’ and ‘willing buyers’ (Deininger & H Binswanger, 1999; Borras, 2003). The World Bank advocates the land market as the most effective mechanism for providing the landless with land and for developing equity and efficiency (World Bank, 1993; 1997; 2003).

The World Bank has strongly advocated this approach in a number of countries – most notably, Brazil, the Philippines, Colombia, El Salvador, Guatemala and South Africa - in a bid to align land reform policies with the economic policies favoured by the International Monetary Fund (El-Ghomeny, 2001:106; Ghimire, 2001:23) and in accordance with the principles underpinning what has become known as *The Washington Consensus*.¹

In South Africa, with the advent of liberalisation in the late 1980s, prior to the African National Congress (ANC) gaining power, the ground was laid for a more 'free-market' oriented and deregulated economy (Marais, 1998). The new government had a range of political, legal and administrative options for the design of a land reform programme at its disposal but these were tempered by the framework that was established during the negotiations of the early 1990s and by the international pressures brought to bear on the various negotiating partners (Walker, 2003).

The World Bank showed interest in shaping the character and scope of the land reform programme to be implemented in post-apartheid South Africa and came to play an instrumental role in setting the parameters for the development and formulation of South Africa's land reform policy. In 1993, World Bank officials held discussions with key South African leaders regarding a 'market-assisted' approach to land reform (World Bank, 1993).

The interest shown by the ANC in the market-based model contradicted its earlier policy commitments such as those outlined in the *Ready to Govern* statement of 1992 which had advocated nationalisation and expropriation and other non-market

mechanisms for land redistribution, and the *Reconstruction and Development Programme* (RDP) of 1994 which emphasised a central role for the state in the redistribution of land, and which had specifically noted that, "Only a tiny minority of black people can afford land on the free market" (1994:20).

In the period from 1994 to 1996 when White Papers on land and agricultural policy and their respective implementation frameworks were being developed, the post of the Minister without Portfolio - responsible for overseeing the RDP - was abolished. This was followed in March 1996 by the closure of the RDP office. According to Wildschut and Hulbert (1998:11), this was widely interpreted as "a retreat from a transformative agenda to a new emphasis on private sector, investment-driven strategies."



In contrast to the ANC's earlier policy statements and interest shown in other state-led redistributive programmes, and in accordance with its shift towards an increasing adherence to a neo-liberal orientation, thereby reducing the role of the state in the provision of social welfare and services, the ANC adopted a framework that placed emphasis on the land market as the mechanism through which land ownership would become aligned with the demographics of the country (Deininger & May, 2000; African National Congress, 1994; Williams, 1996). In the course of defining its role vis-a-vis the redistribution of land and adopting a market-based approach, the new government opted for elements of an indirect and decentralised approach, reminiscent of Adam Smith's much vaunted 'hidden hand' as described in *The Wealth of Nations* of 1776.

However, given the highly unequal nature of South African society (May, 1998), the need to address and placate competing interests (Walker, 2001) and the fact that the negotiated settlement had left the bulk of the power and wealth of the white minority intactⁱⁱ (Lahiff, 2007(b):2; Williams, 1996:152), policy designers were compelled to acknowledge existing inequalities and the contested nature of the socio-political terrain and recognise that the market alone could not redress these. The South African land reform programme that resulted from the constitutional negotiations process was therefore required to creatively combine a commitment to the principle of social justice and the needs and expectations of the landless and dispossessed, within the parameters of market-based land reform and the protection of private property (Walker, 2001:4). Existing landowners were able to secure the inclusion of the protection of property rights within the Constitution, while the landless had their interests accommodated in the promise of a speedy redistribution of land, restitution and improvements in land tenure (Walker, 2001) accompanied by various support provisions.

The outcome of the land reform policy-making process was a hybrid of state- and market-based policy (de Bremond, in Lahiff et al, 2007) which does not rely solely on the market but incorporates a degree of state intervention in the form of a set of land reform programmes which include scope for a changeable suite of associated strategies and support facilities. The state has relied on redistribution modalities based on the operation of the existing land market accompanied by limited grants and support services to assist willing and prospective land reform buyers to engage in the land market (Lahiff, 2007b). In addition, other options such as expropriation are available to the state but have largely remaining untested. The state has

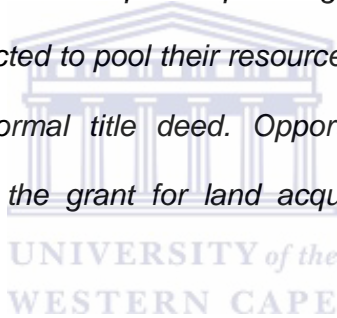
continued to play a role in establishing and maintaining the necessary infrastructure to support the land market - such as a systematised deeds registry, financial services and systems, professional land surveyors and valuers.

The Constitution's mandate and the intention of the 1997 White Paper on South African Land Policy was to address the dispossession of land through three broad categories of reform - land restitution, which provides relief for victims of forced removals; tenure reform, which is intended to secure and extend the tenure rights of those previously discriminated against; and land redistribution, which is a discretionary programme to redress the racial imbalance of landholding (Lahiff, 2007b). The formulation and implementation of each of these policy areas, however, increasingly came to reflect an adherence to the principles of South Africa's neo-liberal macro-economic policy - the Growth and Employment and Redistribution strategy (GEAR) - and the adoption of a market-driven and investor-friendly approach (Greenberg, 2003).

Aligned to the macro-economic policy, a key piece of legislation governing the redistribution of land was introduced - the Provision of Certain Land for Settlement Act 126 of 1993, amended in 1998 and re-titled the Provision of Land and Assistance Act. This Act did not however provide programmatic detail about the nature and mechanisms to facilitate land redistribution but essentially served as an instrument to enable the Minister of Land Affairs to allocate financial assistance for the purchase of land, with the details of land redistribution being deferred and located in various policy documents such as the White Paper on South African Land Policy (Lahiff, 2007b).

This White Paper reflects the guiding principles for the State's intervention in the land market through the land redistribution programme:

“The purpose of the land redistribution programme is to provide the poor with access to land for residential and productive uses, in order to improve their income and quality of life. The programme aims to assist the poor, labour tenants, farm workers, women, as well as emergent farmers. Redistributive land reform will be largely based on willing-buyer willing-seller arrangements. Government will assist in the purchase of land but will in general not be the buyer or owner. Rather it will make land acquisition grants available and will support and finance the required planning process. In many cases, communities are expected to pool their resources to negotiate, buy and jointly hold land under a formal title deed. Opportunities are also offered for individuals to access the grant for land acquisition” (Department of Land Affairs, 1997b:38).



The White Paper (1997b: 38) then details the land redistribution strategy which outlines a programme for land acquisition, land transfer, assistance with basic needs provision and land development. The following tasks and commitments are outlined, all of which, if implemented, should theoretically result in increased levels of land acquisition by the poor and landless via the land market:

- removal of impediments to the efficient operation of the land market
- identification and allocation of state land for redistribution
- establish financial mechanisms to provide grants and loans for land acquisition and development

- provision of assistance to groups to establish legal entities to purchase and lease land
- provision of dispute resolution services to seek local solutions
- assistance to enable beneficiaries to meet basic needs and utilise land in a sustainable manner.

The State has addressed the above commitments to varying degrees by means of different redistribution initiatives, with an emphasis on the provision of grants and loans for land acquisition. The Department of Land Affairs (DLA) currently has two main mechanisms through which land redistribution takes place – the Land Redistribution and Agricultural Development (LRAD) Programme and the Municipal Commonage Programme. These two programmes entail the use of different mechanisms and procedures for resource-poor land seekers to acquire or lease land through the land market.

Until 2000, the redistribution programme provided the Settlement/Land Acquisition Grant (SLAG) – an amount of R16 000 allocated to eligible households who had an income under R1 500 per month. In 2001, the SLAG grant was effectively superseded by the Land Redistribution for Agricultural Development (LRAD) programme, which shifted the target from ‘the poorest of the poor’ to the pursuit of commercially-oriented agriculture (Hall et al, 2003). Unlike SLAG, the LRAD grants were paid to individuals and not per household and the amounts available to prospective beneficiaries were larger and based on a sliding scale, dependent on the individual’s own contribution in cash or kind, with the minimum contribution being R5 000 in order to obtain a R20 000 grant. The maximum grant available to an individual

is R100 000. Applications for additional loan financing through institutions such as the state-owned Land Bank was provided for. LRAD also removed the income ceiling, thereby enabling new black middle-class and private sector entrants into the land market through the land reform programme (Walker, 2003).

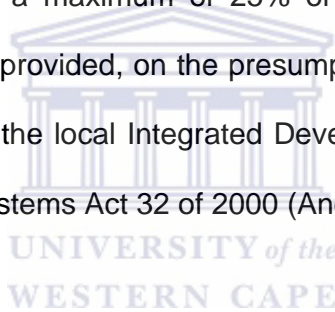
The National Policy Framework of the DLA as outlined in 2000 states that the LRAD programme is a beneficiary and demand-driven process. This approach places the responsibility for identifying available land and associated willing sellers with willing buyers, and in this instance, with resource-poor land-seekers.

As a result of the small size of the available grants relative to the size and cost of available land, coupled with a reticence amongst sellers and officials to consider sub-division, the majority of redistribution projects have involved groups of applicants pooling their grants to purchase land. In addition, groups of farm workers have used the grant to purchase shares in existing farming enterprises, especially in areas of high-value agricultural land such as the Western Cape (Lahiff, 2007b).

The Department of Land Affairs' Local Government Commonage Programme is outlined in the White Paper on South African Land Policy: "In large parts of the country, in small rural towns and settlements, poor people need to gain access to grazing land and small arable/garden areas in order to supplement their income and to enhance household food security. The Department of Land Affairs will encourage local authorities to develop the conditions that will enable poor residents to access existing commonage, currently used for other purposes. Further, the Department will provide funds to enable resource-poor municipalities to acquire additional land for

this purpose” (Department of Land Affairs, White Paper on South African Land Policy, 1997b:50 – 51).

The Commonage programme allows the Minister of Agriculture and Land Affairs to grant an advance or subsidy - the *Grant for the Acquisition of Land for Municipal Commonage* - to Municipal Councils to acquire land through the land market for use as commonage and to be leased by landless people earning less than R1 500 per month. The current level of the grant for the acquisition of municipal commonage land is set at the value or selling price of the land in question, while the infrastructure development grant is set at a maximum of 25% of the value of the land (DLA, 1997a). No planning grant is provided, on the presumption that land-use planning at the municipal level is part of the local Integrated Development Planning process as stipulated in the Municipal Systems Act 32 of 2000 (Anderson & Pienaar, 2003).



Notwithstanding the existence of these land reform programmes and the State’s interventions in the land market and the provision of support grants and services, a number of non-governmental land sector agencies that assist resource-poor land-seekers to acquire land have persistently argued that insufficient land is available for land reform and that resource-poor rural land-seekers’ attempts to acquire land through the land market are frustrated (AFRA, 2006; CRLS, 2003; Mngxitama, 2006; SPP, 2003). This study was prompted by a request from the Surplus People Project (SPP) to explore this claim and to interrogate whether resource-poor, rural, land seekers are able to acquire land through the market-based land reform programme and in doing so, consider whether the land market is an appropriate mechanism for addressing redistribution and land need.

In order to ascertain whether there was any concrete evidence to substantiate these claims, appropriate research sites were identified. The Magisterial Districts of Namaqualand and Hantam in the District of Namaqualand in the Northern Cape Province, and the Magisterial Districts of Bergrivier, Cedarberg and Matzikama in the West Coast District of the Western Cape were selected (details of which are outlined in Chapter Three). These sites are included in the operational areas of the SPP and the organisation facilitated access to communities and land reform projects in these areas, thereby providing an entry point for the research.

These sites enabled the researcher to access data across two provinces and obtain potentially differing insights into the geographic and socio-political dynamics that may impact on the way in which local land markets function in different contexts. The experiences of rural people's attempts to acquire land in the arid regions of Namaqualand and the Hantam and in the better-resourced West Coast of the Western Cape potentially provided the scope for a range of experiences in differing contexts.

In interrogating the claim made by NGOs as outlined above, the following key research questions were considered:

- What are the operational dynamics of the land market?
- How do these dynamics enable or hinder the acquisition of land by prospective land reform beneficiaries?
- What has been the experience of those trying to acquire land through market-based land reform?

In framing and addressing these questions, the study draws on an agrarian political economy perspective - as used by theorists such as Akram-Lodhi (2007) and Courville (2005), amongst others. This approach provides scope for a consideration of the various contexts and dynamics involved in land transactions and the extent to which these are determined by their socially embedded determinants and the politics of policy-making. In line with this perspective, the study focuses on the social determinants of landholding and of land markets and explores two key aspects in relation to the claims made by land sector agencies. Firstly, it provides a critique of the underlying assumptions prevalent in much of the current market-based land reform policy as advocated by its national and international proponents and the manner in which the market as a mechanism for land redistribution has been conceptualized and its outcomes envisaged. Secondly, it considers the extent to which this conceptualization - which it is argued, draws on idealized notions of land market functioning and efficacy - is realized and examines the extent to which the envisaged outcomes of market-based land reform are aligned with or contradicted by the functioning of real markets and the experiences of resource-poor land seeking people in their attempts to engage in the land market, with limited state support. The details of the market's operation are analysed, with a distinction made between the operational practice of real markets – based on direct evidence-based observation – and degrees of policy abstraction and theoretical assumptions regarding how markets should or might operate.

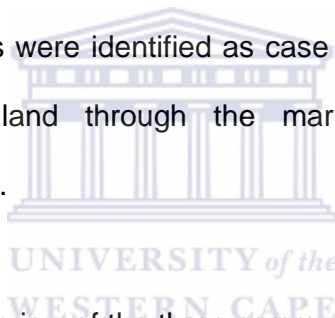
The following chapter (below) provides a theoretical framework and overview of the international and local debates about land markets in both their idealised and real forms. Contributing to this theoretical framework is a synthesis of the key features

and policy assumptions regarding the functioning and characterisation of land markets in South Africa and the elements necessary for land market transactions. The chapter provides the analytical framework for the empirical aspect of the study. Findings arising from the case studies (detailed in chapters three and four) regarding the operation of real land markets are matched against this framework. The key elements of this synthesis include a focus on the following features and assumptions:

- A commodity – in this instance, land – must be available for transaction and must be taken up by an adequate response and level of activity.
- Interactions and relationships of negotiation and exchange exist within the sphere of the market. It is assumed by proponents of the land market that the buyers, sellers and their intermediaries who interact in the market do so as equal partners and are viewed as reliable and trustworthy. For them to engage as equal partners, it is assumed that the market is accessible and open to all who wish to engage in it and that all have equal access to information.
- Land market activity presupposes adequate levels of purchasing power and available capital. It is assumed that willing buyers have the necessary expertise and wherewithal to purchase land in the market and have access to the necessary personal finance and/or land reform grants.

Chapter Three describes the research methodology, the selection of the research sites and case studies, and the data gathering process and analysis. Key features and trends in the land market are considered, based on data gathered from the Northern and Western Cape. An analysis of all the agricultural land transactions that

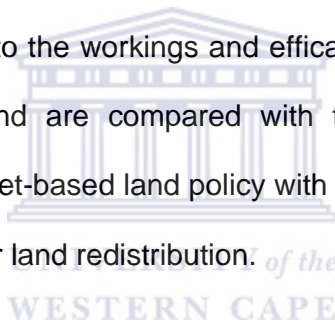
occurred during the five-year period from 1998 to 2002 across five registration divisionsⁱⁱⁱ within the two districts of Namaqualand in the Northern Cape and the West Coast in the Western Cape was undertaken. To this end, copies of all the relevant title deeds were obtained from the Cape Town Deeds Office and relevant data was extracted and entered into a spreadsheet. The number and size of land reform transactions for the same five registration divisions were then identified as a data sub-set and compared with the number and land size of all the agricultural land transactions which took place in the period and geographic areas under review. The number of land reform transactions as a proportion of general land market activity is presented. In addition, three specific land-seeking communities across the five selected registration divisions were identified as case studies and their experiences of attempting to acquire land through the market-based programme were investigated and documented.



Chapter four provides an overview of the three community case studies and provides background information on their various locations and the attempts made to acquire land through the market-based land reform programme. The Brandvlei Emerging Farmers' Association in the Calvinia registration division of the Hantam Karoo region in the Northern Cape consists of small-scale farmers from the Brandvlei community. This case highlights the challenges confronting small-scale farmers in their attempts to access commonage through the Municipal Commonage Programme. The study of the Hondeklipbaai community in the Namaqualand registration division of the Northern Cape illustrates the impact of land availability on the operations of the land market and those attempting to engage in it. The study of the Bergrivier Emerging Farmers' Forum of Eendekuil, under the Piketberg registration division in the

Western Cape, illustrates the attempt of small-scale farmers to utilise LRAD grants and external financial assistance to acquire land for commercial agricultural activities.

Chapter five considers the findings of the study and highlights pertinent outcomes from the case studies and the analysis of the title deeds of all the agricultural land transactions under review. These transactions are analysed in relation to the extent of land reform acquisitions in the same geographic areas. The functioning and accessibility of local land markets are considered in relation to the policy assumptions regarding the key ingredients necessary for market transactions. The findings provide an insight into the workings and efficacy of real land markets within the case study locations and are compared with the espoused principles and outcomes envisaged by market-based land policy with its reliance on the land market as the primary mechanism for land redistribution.



Chapter six concludes with a commentary on the key findings of the study and the extent to which real land needs can be met through the South African version of market-based land reform, predicated on a set of policy assumptions about the role and efficacy of the land market. The findings of this study point to a glaring gap between the State's espoused policy and actual practice, between what the market (as characterised within a range of idealised and real configurations) is expected to deliver and the extent to which land acquisition by resource-poor land seekers has been enabled by the State's response and provision of support. In essence, this gap reflects a lack of integration between the spheres of what Bernstein (1994:3) refers to as 'market logic' and 'bureaucratic action'. Many of the origins of this schism can

be traced to the politics of the process surrounding the State's adoption of market-based land reform in the early 1990s; the manner in which the land market has been characterised in South African land reform policy and the implications of this for policy formulation and implementation; and the nature and level of support provided to land reform beneficiaries by the state.



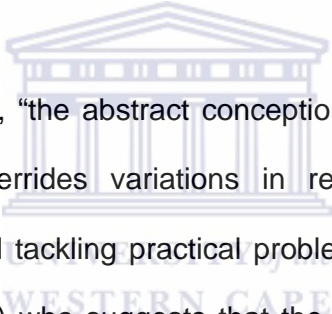
Chapter Two – Theoretical framework and key policy assumptions

The land market can simplistically be described as an institution, arena or mechanism through which landowners sell to those with the means to buy. Wallace et al (2004:4) suggest that people usually assume that the land market is “the realm of human activity involved in buying, selling, leasing and securing land”. However, in order to better understand the workings of the land market and the extent of market activity and access, the key features and policy assumptions that constitute and hinder or enable land market activity must be deconstructed. This chapter provides a theoretical framework and overview of the international and local debates about land markets in their idealised and real forms and in doing so, deconstructs the key features and policy assumptions regarding the nature and functioning of land markets in the South African context. The resulting synthesis provides the analytical framework for the empirical aspect of this study.

White (1993:2) argues that an effort to ‘deconstruct’ the market is becoming more urgent in the current and changing global politico-economic context in which the old dichotomy between ‘centrally planned’ and ‘market economies’ has been replaced by a situation in which it is becoming increasingly clear that there is a wide variety of market economies. He suggests that the neo-classically^{iv} derived paradigm of ‘the market’ has become inadequate for the purposes of elucidating the dynamics of real markets as the range of market diversity changes.

The deconstruction of specific national and local land markets in order to discern their theoretical and operating paradigm requires searching beyond that which is

documented and framed in policy documents. Following Wallace et al (2004:19), land markets generate their own myths and shared understandings and a search for a coherent policy characterization of land markets “will reveal high levels of unwritten consensus about markets, access to land and social equity”. They further suggest that although a country may have officially stated policies for dealing with land, policy is formed by an “amorphous process of socio-political construction of a set of shared values about the importance of ownership and accessibility” (2004:22). The absence of specificity in policy documents suggests that there is a set of axiomatic assumptions underpinning land redistribution policy and implies that the land market mechanism for redistributing land is viewed as self-evident and unproblematic.



White (1993:2) suggests that, “the abstract conception of the market deriving from neo-classical economics overrides variations in real markets which are very important for considering and tackling practical problems of development”. This is echoed by Mackintosh (1990) who suggests that the avoidance of characterisation and the tendency to not acknowledge the complexity of markets has resulted in negative consequences for both the beneficiaries and land reform implementers. Idealised and abstracted notions of the market have found little applicability or resonance with those attempting to engage with real markets and those trying to address land need.

The absence of any specific analysis or coherent characterisation of the land market in South African land reform policy documents or legal frameworks, has by default resulted in a range of ‘myths’, perceptions and assumptions on the part of land sector policy-makers, officials, implementers and beneficiaries – these range from

those which reflect the market in terms of abstracted and idealised neo-classical principles to those that are more aligned to the workings of real markets. Besides outlining the provision of support services and land reform grants and their use by land reform beneficiaries in order to acquire or access land through the market-based land reform programme (DLA, 1997a, 1997b, 1999), South African policy documents do not explicitly analyse *how* the land reform programme will interact with the land market or provide a detailed characterization of the nature and role of the market as understood in the context of South African land redistribution.

The lack of characterisation of the land market in the South African context has fostered an 'unwritten consensus' and has led in some instances to individual policy makers and implementers arbitrarily interpreting the nature and scope of the land market in accordance with their own world view. One of the outcomes of this lack of characterisation is a set of assumptions that draws on elements from the neo-classical school of economics which portrays markets as inert intermediaries between mutually benefiting transacting parties and as inherently accessible and benign (Cartwright and Qeque, 2004). These policy assumptions imply a notion of an idealised market and one that is not impacted upon or shaped by contending interest groups but that simply exists *a priori*.

Wallace et al (2004:7) suggest that each country develops its own patterns and activities associated with the development of its land market, but that as a result of globalisation, local systems begin to adopt generic and common features. The elements necessary for land market activity and the range of policy assumptions that

accompany them have evolved as the land market has emerged in various contexts – these are synthesised below.

Land as a commodity available for transaction

Wallace et al (2004) state that “the physical parcel of land as a unique commodity is the starting point” in understanding the land market. A key assumption underpinning the workings of the land market is the manner in which land itself is viewed – primarily as a commodity to be bought and sold.

The evolution of the land market under modern capitalism and the consequent speculative value placed on land has transformed it into a commodity. Gutto (1993) argues that within countries of Southern Africa, with Roman-Dutch legal systems mediated by English common law and elements of indigenous African legal traditions, it is customary to view land and land rights under the “law of things”. Following Marx (1986:72) and Lukàcs (1923:1), land became viewed as private property – as a 'thing' to be protected, bought and sold. As a result of land being reduced to a 'thing', the potential exists for land to be stripped of the multiple values it holds for different groups so that it comes to be regarded primarily in terms of its value in relation to the market. Viewing land as a commodity can potentially preclude recognition of the varied values and meanings that are ascribed to and associated with land, such as multiple livelihoods, a range of different land use patterns, socio-political memories, and an acknowledgement of the different kinds of relationships people have to each other and to the land in terms of history, identity, community, gender, age, and religious and cultural beliefs. Walker (2001: 9-10) suggests that,

'For poor people, a secure place to live, carries enormous value in their daily struggle to cobble together a living from a variety of income sources which include, but go beyond, the material resources offered by the land itself. In addition, land carries with it a highly charged, historically indexed symbolic significance at the political level... Land reform is about returning that which was stolen, that which was used to dispossess, that which fuelled the struggle against apartheid by the black majority. At the individual and community level land is imbued with cultural and emotional meaning that is based on more than its purely utilitarian value. Land is still a potent factor in the social identity of many South Africans, especially but not exclusively in the rural areas. As a consequence, the popular debate on land reform policy continues to be infused with an emotional content that derives its power both from the brutal memory of land dispossession and from the shimmering promise of redress held out by liberation ... land is imbued with cultural and emotional meaning that is based on more than its purely utilitarian value.'

Borrowing from Wallace et al (2004), while acknowledging that land is primarily defined as a physical commodity or 'thing' within the context of market economies, it is also concurrently understood as being imbued with a range of associated values and meanings. Furthermore, while the commodity of land is a concrete physical entity, the use, ownership and control of land and the social relations associated with it are essentially abstract concepts of rights and powers.

The commodity of land, albeit valued in a myriad of ways, is central to the functioning of the land market which is premised firstly, on the presence of the commodity of

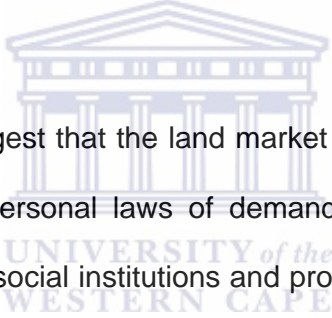
land and secondly, on this commodity being made available for transaction. Where there is no available land for transaction, the market becomes static and in effect non-existent. An active land market where the supply of agricultural land is elastic is a necessary condition for market success and therefore for a successful market-assisted land reform programme to operate (World Bank, 2003). Gordillo and Boening (1999) caution that a market-based approach to land reform can only work effectively in regions where there is a sufficient or excess supply of land in order to avoid triggering an increase in land prices. Deininger (1999, 27(4):651 - 672) suggests that the ideal ratio of land supply to demand is 3:1.

Interactions and relationships of negotiation and exchange

For the commodity of land to be transacted on the market, transactors – and in the case of market-based land reform, ‘willing sellers’ and ‘willing buyers’ – are necessary. There are a number of assumptions regarding the nature of these interactions and relations of negotiation and exchange.

According to Marx (1986), with the advent of capitalist economies and the consequent treatment of land as a transactable commodity or thing, the social relations between classes of people also came to be treated as relations between things: “There is a definite social relation between men that assumes ... the fantastic form of a relation between things” (1986:72). This concept is further developed by Lukàcs (1923:1), “... a relation between people takes on the character of a thing and thus acquires a 'phantom objectivity', an autonomy that seems so strictly rational and all-embracing as to conceal every trace of its fundamental nature: the relation between people.”

Neo-classical economics and those who subscribe to abstract and idealised theories of markets do not explicitly recognise the impact of social relations, class differences, or positions in society – such as the relations between landowners and the landless, men and women, rich and poor, young and old – on land market transactions. Abstract theories of markets posit that land is a neutral object, a thing, to be bought and sold and that these transactions take place between equal players – equal 'things' – interacting in the market. According to Cartwright et al (2004), the nature of the exchange is premised on a notion that the transactors are neutral intermediaries, that the exchange takes place between mutually benefiting transactors and that the market is accessible, with equal opportunities allocated to all groupings in society.



Bernstein et al (1990: 4) suggest that the land market should not be conceptualised as the “manifestation of impersonal laws of demand and supply or of a ‘hidden hand’”, but that markets are “social institutions and processes that people enter from very different positions in structures of class, gender and power,” and these in turn affect the outcome of their endeavours. This is affirmed by El-Ghomeny (2001), who argues that the land market has specific socio-political features that require particular attention and a different mode of analysis, rather than simply being viewed as an isolated economic mechanism serving to equilibrate supply and demand. The land market cannot therefore be viewed as an abstraction or a neutral, apolitical mechanism for the transferring of land between sellers and buyers but is an inherently complex and dynamic site of struggle between unequal partners, and may serve particular vested interests while excluding those of others (Sen, 2001).

Akram-Lodhi (2007:1437) argues that market-based land reform “is premised on assumptions that fail to recognise the socially embedded character of land transfers”. He further suggests that “land is a cultural resource, being a principal way in which the social and cultural identities that shape power and powerlessness within the myriad diversity of rural societies are formed”.

The consideration of social power and powerlessness is also addressed by White (1993:2) who argues that the conventional economic analysis of markets downplays the role of power, which he views as a key element of real markets. He advocates that a political analysis of markets is needed in order to reflect the ways in which power and power relations influence the structure and operation of real markets. He differentiates between two fundamental views of power – a *behavioural* and a *structural* view. The first concentrates on power in terms of interactions between two agents – in this instance, the seller and buyer – and tends to ignore the basis and derivation of each agent’s “initial endowments of power resources” (1993:3) and how power is exercised. The behavioural view tends to perceive transactors in the market as equal players with equal access. Beyond this behavioural view of power, White proposes that, “each real market is a patterned set of social relations with its own specific constellation of power; if the power relation involved in a micro-level market exchange is to be understood it must be situated in the context of a structural analysis of this wider system. The power-patterning of markets affects an agent’s choice by determining the boundaries of available choices, influencing the operational calculus of the chooser and shaping the relative attractiveness of various choices. A combination of behavioural and structural analysis also allows us to

capture the dynamics of the operation of power within markets as a systemic *process*" (White, 1993:3).

White identifies four different types of power that are at play in the complex process of market politics and the interaction between transactors:

- the politics of state involvement involving *state power* - this includes the state's role in the regulation and taxation of land, and participation in land markets and land reform;
- the politics of market organisation involving internal *associational power* where the systems of internal regulation are created by market participants;
- the politics of market structure involving *economic power*;
- the politics of social 'embeddedness' involving various forms of *social/cultural/ideological power*, where power is inherent in social and cultural institutions, ideologies, gender relations and value systems.

Each of these forms of power is never absent and is interwoven into the broader set of social relations that intersect to grant men and women a place within the structure and hierarchy of their society, and impacts on their ability to access or acquire land. The development of the land market and the way in which it functions is determined by these relationships of power and a struggle between the various forces that they represent – "the characteristic economic features of markets embody political processes of conflict and cooperation and political relations of domination and subordination" (White, 1993:3).

White (1993:2) states that an idealised notion of the market “abstracts from *social, political and institutional aspects* of real markets which cannot be dismissed as ‘exogenous’ factors but are inherent, and indeed may be essential, characteristics of the functioning of markets in the real world”.

According to White (1993:8), the land market can thus be understood in terms of “a structure of power relations between agents with differential control over market-relevant material and mental assets. At the micro level, participants come to specific markets with unequal endowments in terms of resources. At the macro level, this results in widely different market structures characterised by more or less equal or unequal power; each specific structure of power conditions the way markets operate at the macro-level, shapes the character of exchange relations between individual market participants and influences their relative returns from exchange”.

Bhaduri (1986: 267-72) develops this idea and refers to the ‘class efficiency’ of markets and views the market mechanism as an instrument to further exploit one class by another, rather than perceiving it as an efficient system through which to allocate and redistribute wealth and resources.

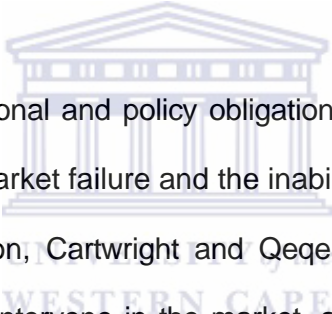
White contends that markets can be analysed as “political games in which outcomes are structured in terms of choices taken in the context of variable but structured asymmetries in the capacities of participants, which vary across specific markets and which may in certain contexts result in systematic exploitation through unequal exchange ...” (1993:8).

The World Bank and keen advocates of the market such as Binswanger and Deininger (1996: 70) acknowledge that it is necessary to consider the social context of land markets: “The land market cannot be expected to lead to an efficiency-enhancing redistribution of land because poor family farmers who do not have much equity cannot acquire land”. Deininger et al (1998:2) also state that, “It is well understood that this idealised process has rarely been followed in actual history” and that “... in a number of countries, a highly unequal land ownership distribution implies inefficient and inequitable resource use which the land sales or rental market are not able to smoothly transform into a more efficient and equitable allocation”. They further indicate that “unmitigated operation of land markets alone would not necessarily produce an optimal land allocation” and that “in situations characterised by pervasive inequality in the ownership distribution of land or assets more generally, government involvement in redistributive land reform, aiming to improve efficiency and equity and at the same time remove impediments to the functioning of factor markets, could be justified” (1998:31-32).

Bernstein (1994:1) describes the World Bank, and its policy prescription of market-based land reform, as aspiring to “wrap up the savage contradictions of South Africa in a policy package of ‘efficiency and equity’ ... The market is likewise to be the basis for land reform through assisted purchase of land by carefully selected ‘beneficiaries’. This amounts to a policy of ‘betting on the strong’: such beneficiaries are most likely to be men already active in agricultural commodity production and/or with other assets and sources of capital. Their identification and selection, moreover, are held to require elaborate administrative procedures.” Bernstein (1994:3)

suggests that South African land reform policy is an attempt to address 'market logic' and its failings by means of 'bureaucratic action' in the form of 'assisted purchase'.

In acknowledging that markets (in the neo-classical sense) do fail, Stiglitz (2002: 73-74) asserts that a degree of state intervention is therefore necessary to assist those with limited access: "... whenever information is imperfect and markets incomplete, which is to say always, and especially in developing countries, ... there are desirable government interventions which, in principle, can improve upon the efficiency of the market ... Many of the key activities of government can be understood as responses to the resulting market failure."



In order to meet its Constitutional and policy obligations and in accordance with the acknowledged potential for market failure and the inability of the land market to result in equitable land redistribution, Cartwright and Qeqe (2004) argue that the South African state is compelled to intervene in the market, as rampant free-market activity will not, of its own accord, take cognisance of the needs of the poor and that "without interventions, the outcome of contested exchanges (in the market) perpetuates existing patterns of poverty and power" (Cartwright and Qeqe, 2004:8). The South African state therefore intervenes in the land market through its various market-based land reform programmes and provision of limited support services and land reform grants to beneficiaries of these programmes. It maintains that this support will act as a corrective and enable prospective beneficiaries to overcome obstacles in their attempts to interact with the market (DLA, 1997b). The inclusion of grant provision in the land reform 'package' can be viewed as an acknowledgement on the part of policy formulators that while in a strictly theoretical and idealised sense,

South Africa's land market is accessible to all, the reality is that the "rules of the game" (North, 1989: 5) that govern the market – the social relations and networks, flows of information, skills levels, access to finance, power blocs – pose significant obstacles for entry by resource-poor land-seeking people.

Transactions based on reliability and trust

In commenting on the nature of relationships of exchange, Wallace et al (2004:22) propose that dependence on transaction reliability and being able to verify or vouch for the reliability of a prospective buyer, their membership of certain groups, and the minimisation of risk in incorporating outsiders into groups involved in transactions are regarded as a feature of certain land markets.

Ostrom (1992, 17(9):1320) suggests that the existence of a relationship of engagement and a level of 'trust' lubricates and facilitates land transactions between sellers and buyers: "... transactions are facilitated and made easier and more likely when some form of relationship exists between transacting parties. This relationship may constitute an acquaintance, a previous encounter, a cultural link or a political reference. Over time these relationships become embedded in the fabric of markets and serve the interests of market incumbents. Those not party to the network of relationships, or market culture, may struggle to access markets..." Class, race and gender constructs and the social relations embedded in rural areas which are frequently based on perceptions of what constitutes 'reliability' and 'trustworthiness' impact directly on land reform transactions and on the degree of access to land markets.

Given that resource-poor prospective new entrants to the land market are not generally connected into the broader rural social network of existing market participants, and therefore do not have the benefit of such a verification process to vouch for their reliability, they are confronted by the challenge of finding an entry point into the market.

Access to information

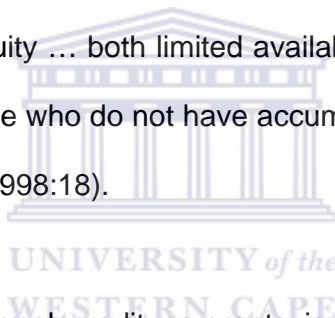
An additional and linked factor which militates against resource-poor prospective entrants gaining access to the land market is their limited access to information. A common policy assumption is that information regarding available land, land prices, and other factors about the land market are uniformly and equally at the disposal of all players who wish to engage in the land market. Reality reflects that the patterns of information dissemination and access are uneven and truncated and, according to Cartwright and Qeque (2004:5), tends to reflect patterns of wealth, with poorer farmers finding themselves with less market information and at a disadvantage.

Stiglitz (1996:62) suggests that “information imperfection” is a major contributing factor in limiting the extent to which markets can be decentralised or made accessible. He adds that information asymmetry has particular implications for certain contexts – in countries or markets where class and gender ‘gaps’ are more pronounced, there is likely to be a heightened degree of information asymmetry and that this should be corrected or considered by the workings of the market or through intervention by the state or other institutions. This is reiterated by Deininger and Feder (1998: 10) who suggest that “facilitating transactions between individuals who

are not members of the same community ... generally involve larger problems of asymmetric information”.

Adequate levels of purchasing power and available capital

Internationally, there is a very limited number of land transactions involving small scale farmers. Where these do occur, they are invariably mediated by support from land reform programmes. Deininger and Feder (1998) propose that it is very difficult for small scale farmers or resource-poor land seekers to access markets for credit and insurance. This is compounded by the fact that it is “very difficult to acquire land in the sales market with the expectation of paying off the debt from agricultural profits alone without recourse to equity ... both limited availability of credit and high cost of borrowing would prevent those who do not have accumulated savings from acquiring land” (Deininger and Feder, 1998:18).



The barrier of access to formal credit or grants is a fundamental cause of the perpetuation of market segmentation and exclusion. Besides obvious class differences, El-Ghomeny (2001) points to some of the reasons for the unequal buying power of most rural workers who wish to acquire land and who are unable to access support via a land reform programme or other external support. He questions whether a wage-dependent landless worker can independently purchase land in his or her lifetime and asks how long a worker would need to save all or part of his or her daily wage (assuming that he/she is not unemployed) in order to purchase land in the open market. He points to empirical evidence which indicates that opportunities for rural workers to buy land through the market are virtually non-existent, owing to (a) the downward trend in cropland availability per working person

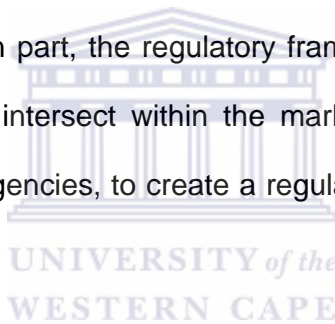
in agriculture; (b) inflated land-sale prices combined with falling daily wages in real terms and increases in the cost of living; (c) the increasing demand for land – not only as a commodity but as a unique social asset; and (d) the impossibility of obtaining land mortgages and the high risk of lending capital to landless workers and asset-poor peasants. All these factors contribute to a very limited ability to acquire land and point to the imperative that the state intervene in the land market, through the introduction of land reform programmes and associated grants and loans, in a bid to ameliorate the level of exclusion of the resource-poor.

It is for this reason, amongst others, that the South African state introduced land reform policy intended to enable land acquisition and access. The White Paper on South African Land Policy states that, “The reality is that the poor and the landless are not in a position to acquire land at market prices without assistance from the state. This is because the market price of land usually includes a premium, over and above the capitalised value of agricultural profits. Poor farmers will therefore not be able to repay loans out of farm profits and will need financial assistance from the state in addition to, or instead of, credit” (DLA, 1997b:17).

The South African state therefore introduced land reform programmes such as the Land Reform for Agricultural Development (LRAD) programme and Municipal Commonage Programme and their associated financial assistance packages in the form of LRAD grants (previously S/LAG) and grants to municipalities to acquire additional commonage.

A regulatory framework

While markets have become liberalised and deregulated spheres within the economy, they also embody a degree of regulation and established boundaries for them to function effectively and usually operate in accordance with a regulatory framework, a set of rules and conventions that structure the actions of market participants. These provide an established mechanism for enforcing property rights and defining the roles of relevant institutions, as well as mechanisms for determining and regulating the value and price of land. North's schema of the "rules of the game" and the existence of "norms of behaviour to constrain parties in interaction" (1989:1319) can be understood as part of the regulatory framework which informs the functioning of markets. In part, the regulatory framework is established through the contending powers that intersect within the market, but in addition, a role is played by the state and its agencies, to create a regulated environment in which the market can operate.



The regulatory framework of the market is frequently discussed in terms of the state-market paradigm. White's analysis (1993) however, differs from this approach. He suggests that the conventional state-market paradigm "predisposes us to think in dichotomous terms of two distinct spheres: on the one side, there is the realm of politics which has to do with the state and other institutions making up the system of formal public politics; on the other side, there is the realm of economics in which economic agents of diverse kinds produce, exchange and distribute through the modality of markets. In the real world, of course, the realms of state and market, public, political and economic systems, are densely and inextricably intertwined"

(White, 1993: 4). Mackintosh reiterates that, “All markets are structured by state action: the only variation is how the terms of their operation are set” (1990: 50).

There are a number of regulatory dimensions of the state’s involvement in the market. White (1993) suggests that at a superficial level, the state intervenes to facilitate market operations, correct market distortions, and achieve social or developmental goals – for example, the introduction and implementation of land reform programmes and associated financial assistance. However, “at a deeper level, the state’s involvement is *pervasive*; it is the source of a complex network of institutionalised arrangements which permeate markets and influence the way they operate: for example, the legal definition of property rights, licensing laws, standardisation of weights and measures, creation and validation of money and the regulation of contracts. At an even deeper level, state power *saturates* market exchange in invisible ways” (White, 1993:5), and can be described as an inherent quality redolent of Foucault’s “capillary” notion of power which acts to “permeate, characterise and constitute the social body” (Foucault, 1980:96).

Rosset et al (2006) highlight the impact of the reorganization of the State in accordance with neoliberal principles and argue that it “forces any current demand for agrarian reform firmly within the parameters of a depoliticized (market-oriented) project. In this way, an emphasis on land reform alone ... avoids addressing the other dimensions of power and historical inequity that in the current agenda have marginalized both the rural sector and the rural poor”. Furthermore, they suggest that, “Through a combination of decentralization and an increased privatization of public services, the state comes to function as an organizational tool for market

expansion, and less a vehicle for representative democracy or resource distribution” (Rosset et al, 2006).

Internationally, market-based land reform measures are showing an increasing tendency to rely more heavily on the state to play a central role in land acquisition and to intervene and regulate the market in a range of indirect ways. Besides the South African state’s intervention in and regulation of the land market in its protection of private property as enshrined in Section 25 of the Constitution (Republic of South Africa, 1996), the White Paper on South African Land Policy states that, “The challenge is to find a way of redistributing land to the needy, and at the same time maintain public confidence in the land market” (DLA, 1997b:17). To the extent that there is an acknowledgement of market failure and the existence of historical inequalities and contestation, the post-1994 South African State was prompted to intervene in the land market via mechanisms such as the land reform programme and has provided corrective remedies in the form of land reform grants and limited support services to land reform beneficiaries – thus confirming that the land market on its own is not an effective redistribution mechanism. Its intervention is essentially focused on creating enabling mechanisms for certain categories of resource-poor land seekers to engage in the land market by providing and determining grant allocations, ensuring that the legal requirements are met, and directing buyers and sellers to sources of technical advice.

Besides the institutional interventions that regulate the market, a key element of the regulatory framework is the valuation of land and the guiding parameters for the pricing of land. Given the commodification of land and the view of land as a

speculative asset, the value of land is primarily understood by the market in terms of its price. The South African state has adopted an approach which places emphasis on the transaction of land based on negotiated prices. According to Sibanda, "In the South African experience, the State considers the negotiation of prices to be a cost-effective way of implementing the constitutionally mandated land reform programmes" (Sibanda, 2003:21). This being the case, land price in relation to the size and availability of grants is a major factor in determining whether land can be acquired by resource-poor land seekers through the land reform programme, and can potentially act as the primary brake on land acquisition.

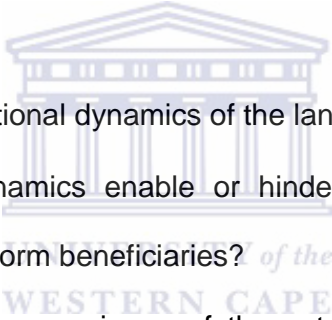
In summary, the following features and their sets of associated assumptions regarding the characterisation and role of the land market underpin much of the current South African market-based land reform policy:

- Land is viewed as a commodity and must be available for transaction;
- Interactions and relationships of negotiation and exchange must exist;
- Adequate levels of purchasing power and available capital must be present;
- A regulatory framework that facilitates and oversees land market activity must operate.

The substance of the policy assumptions associated with these key features necessary for land market transaction are explored in the chapters which follow; with an emphasis on whether the South African state's intervention in the land market through its various land reform programmes and associated support systems is able, in practice, to overcome the obstacles faced by resource-poor new entrants to the market.

Chapter Three - Methodology and key research questions

An exploration of the claim made by land sector agencies – and more particularly by the Surplus People Project (SPP) – that insufficient land is available for land reform and that resource-poor rural people's attempts to acquire land through the land market are frustrated, required a critique of the nature and role of the land market and its performance within South Africa's market-based land reform programme. In doing so, the overlap between the land market as conceptualised by land reform policy makers and real land markets as experienced by resource-poor land-seekers was probed and the following research questions defined:

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- What are the operational dynamics of the land market?
 - How do these dynamics enable or hinder the acquisition of land by prospective land reform beneficiaries?
 - What has been the experience of those trying to acquire land through market-based land reform?

Methodological framework

A limited number of studies have been undertaken which explore the workings of the land market in South Africa. The work of Aliber and Mokoena (2000, 2002 & 2003) provides a profile of how the redistribution programme intersects with the rural land market in specific contexts and offers policy suggestions regarding how existing limitations can be remedied. Studies undertaken by Lyne and Darroch (2001), and Graham and Lyne (1999) focus on regional analyses of land redistribution via the

land market in the province of KwaZulu Natal and highlight the peculiarities of each region and the interaction of these on the local land market and vice versa.

In response to the claim made by land sector agencies as outlined above and their expressed need for a more comprehensive explanation for why resource-poor land-seekers find it difficult to acquire land, this study focuses on an examination of the socio-economic and political factors which militate against them – and provides a critique that draws on a political economy approach.

The study's methodological framework draws on an agrarian political economy perspective, as used by theorists such as Akram-Lodhi (2007) and Courville (2005), amongst others. This approach provides scope to consider the various contexts and processes involved in land transactions and the extent to which these are determined by the socially embedded character of these transactions and framed by the politics of policy-making. It is argued that land cannot solely be viewed as an economic commodity and that markets are not neutral institutions in which participants are equal players.

Within this methodological framework, the data gathering technique used in this study draws on what Azfar (2002:6) refers to as “analytic narrative”. Azfar uses this term to denote a method that combines theoretical predictions (analytic) with anecdotal and historical description (narrative), based on document analysis, interviewing relevant actors and “seek(ing) to understand the actor's preferences, their perceptions, their evaluation of alternatives, the information they possess, the

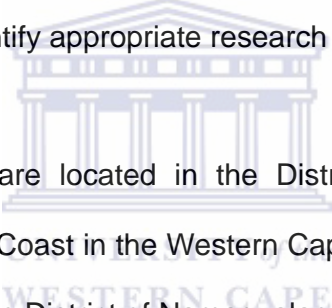
expectations they form, the strategies they adopt and the constraints that limit their action” (Azfar, 2002:6).

Azfar suggests that in-depth interviews are useful for identifying human motivations and that a combination of an analysis of quantitative data and in-depth interviews may provide the best empirical strategy, where the quantitative data provides some information of a more factual basis that can be used to substantiate the study’s findings, and in-depth interviews which are used to validate or qualify these, provide anecdotes and understand motivations. These two techniques, in conjunction with an analysis of broader secondary sources and documentary evidence, contribute to an “analytic narrative” which allows for the links between different levels of institutions and performance – in this instance the agents of market-based land reform policy and the workings of the real land market – to be explored. The motivation for adopting an “analytic narrative” was to facilitate the emergence of a detailed profile of the nature and dynamics of local land markets and the experiences of those attempting to engage in them. This method lends itself to enable the researcher to ascertain whether there is congruence between the more abstracted notion of the land market as reflected in much of the land reform policy, and the ‘behaviour’ of real markets and the experience of land-seekers in their attempts to acquire land.

Method of data gathering

Drawing on Azfar’s “analytic narrative”, a theoretical framework based on international and local debates as found in the literature on market-based land reform and an analysis of policy frameworks was developed (See Chapter 2). The

conceptualisation and assumptions made by proponents of the market-based approach and by South African policy makers regarding the nature and role of the land market as the central tenet of market-based land reform were explored. A synthesis of the key features of the land market and the policy assumptions which underpin market-based land reform was then developed. The elements of this synthesis were then matched against the documented experiences and needs of prospective land reform beneficiaries and the workings of real markets. In order to ascertain whether there was any correlation between the intended outcomes and assumptions of market-based policy and the experience of resource-poor land seekers in their attempts to engage in real markets it was necessary to obtain concrete evidence and to identify appropriate research sites.



The study's research sites are located in the Districts of Namaqualand in the Northern Cape and the West Coast in the Western Cape. The Magisterial Districts of Kamiesberg and Hantam in the District of Namaqualand, and the Magisterial Districts of Bergrivier, Cedarberg and Matzikama in the West Coast District were selected. These form part of the operational areas of the SPP and the organisation enabled me to access communities and land reform projects in these areas, thereby providing an entry point for the research and data gathering. The selection of these districts also enabled access to data across two provinces and potentially provided differing insights into the geographic and socio-political dynamics that may impact on the way in which prospective land reform beneficiaries are able to access the land market and how local land markets might function in different contexts. The experiences of rural people's attempts to acquire land in the arid regions of Namaqualand with its extensive grazing lands, and in the better-resourced West

Coast potentially provided the scope for a range of dynamics and experiences in differing contexts.

Three prospective land reform initiatives from across the research site were identified for in-depth investigation and constituted the case studies. They include the Brandvlei Emerging Farmers' Association, located in the town of Brandvlei under the Hantam Magisterial District of the Northern Cape; the Hondeklipbaai community under the Kamiesberg Magisterial District; and the Bergrivier Emerging Farmers' Forum in Eendekuil under the Bergrivier Magisterial District of the Western Cape.

The case study approach, which included in-depth interviews and focus group discussions, was used because it enabled the researcher to access sufficient detail regarding multiple factors impacting on those attempting to acquire land through the land market within specific localities and provided an opportunity for the key research questions to be probed within a 'real-life' situation. This approach enabled direct access to members of land reform initiatives and an insight into their experiences located within specific contexts. The findings from the case studies are more likely to approximate 'reality' than those that might be derived from constructing a series of concepts or solely through speculation (Strauss and Corbin, 1998:12) or from a disembodied generic study conducted at a provincial or national level.

Members of the prospective land reform initiatives were interviewed. The intention was not to obtain a representative sample of the views of *all* prospective land reform beneficiaries across the research sites but rather to focus on three specific and known examples of land need and to track the experiences of these three

communities or projects over the period of the research study in order to examine the kinds of issues that these examples manifested. It was not known at the outset of the study whether their attempts to acquire land would be successful or not. The tracking of their experiences would enable a better understanding of the challenges and obstacles faced by different groupings of land-seekers in their attempts to interact with the land market. In so doing, the evidence obtained would contribute towards an assessment of the claim made by land sector agencies, and the extent of overlap between the espoused outcomes of market-based land reform policy and concrete attempts to address real land need.

The case study approach offered a window into a unique set of circumstances within specific geographic and socio-economic locales which might or might not serve to confirm the broader findings of the study. The case study outcomes could potentially, though not necessarily, be indicative of trends found across the research sites. The intention was not to generalise from the case study evidence but rather to highlight the nature of the experiences of land seekers in these communities, to provide insights into the challenges they faced, to ascertain the level of support they received from service providers and the state, and potentially to indicate ways in which market-based land reform policy might be adapted.

Adding to the evidence obtained from the three case studies, all agricultural land transactions, excluding those zoned as rural town allotments, that took place within the five year period from 1998 to 2002 and across five selected registration divisions (administrative designations of land areas falling under a magisterial jurisdiction for the purpose of land identification and registration) from within the two selected

Districts were analysed. The five registration divisions of Piketberg, Clanwilliam and Vanrhynsdorp in the Western Cape and Calvinia and Namaqualand in the Northern Cape were selected because they incorporate the case studies and are large enough to provide sufficient data about the nature of market activity to allow for ‘saturation’ to occur (Neuman, 2000:418). Table 1 below provides an outline of the research sites and case studies under review.

Table 1: Research sites and case studies

PROVINCE	DISTRICT	MAGISTERIAL DISTRICT	REGISTRATION DIVISION	SELECTED CASE STUDIES OF LAND-SEEKING COMMUNITIES
Northern Cape	Namaqualand	Kamiesberg	Namaqualand	Hondeklipbaai community on the west coast of Namaqualand
		Hantam	Calvinia	Brandvlei Opkomende Boere Vereeniging (Emerging Farmers' Association) in the rural town of Brandvlei
Western Cape	West Coast	Bergrivier	Piketberg	Bergrivier Kleinboere Forum (Small Farmers' Forum), in the rural town of Eendekuil
		Cedarberg	Clanwilliam	
		Matzikama	Vanrhynsdorp	

The five year time frame was considered adequate in order to detect trends in the nature of land transactions; allow for fluctuations in the level of market activity; and include the uptake of the SLAG and LRAD redistribution programmes.

Document and data analysis

The literature review of the international and local debates about land markets in both their idealised and real forms contributed to the formulation of the study's theoretical framework and situated the land market within the debate about market-based land reform in South Africa. In conjunction with the data analysis and case study interviews, the review of secondary sources and documentary evidence contributes to the “analytic narrative” and allows for links to be drawn between

market-based land reform policy and the workings of the real land market. Arising from the literature review, a synthesis was developed of the key features and policy assumptions regarding the functioning of land markets and the elements necessary for land market transactions. This synthesis provided the analytical framework for the empirical aspect of the study, and the findings arising from the case studies regarding the operation of real land markets are matched against it.

Details of all agricultural land transactions during the period under review across the five registration divisions included in the research site were found in the title deeds relevant to these transactions. Copies of all the relevant title deeds were obtained from the Cape Town Deeds Office.

Title deeds include the following information:

- Property information, such as province and diagram number, extent (hectares)
- Owners (whether there is more than one owner or if the property is held by a company, trust, etc.)
- Endorsements (details of any bonds / other endorsements)
- History (previous owners / title deeds)
- Detail of any contracts relating to the person
- Bonds (if any)
- Statutory information registered against the owner of a property, including farm number, portion number, date of purchase, price paid, bonds lodged and bond holder.

Relevant data was extracted and entered into a database spreadsheet and the data was analysed in terms of the following features, as per the five selected registration divisions and per year from 1998 to 2002 (inclusive):

- The number of transactions;
- The size of the land being transacted;
- The extent to which land was purchased or transacted through mechanisms other than the market (e.g. inherited estates, donations);
- The identity of the new owners;
- The price of the transacted land.

The data was then qualitatively interpreted “for the purpose of discovering concepts and relationships in [the] raw data and then organizing these into a theoretical explanatory scheme” (Strauss and Corbin, 1998:11). This included an analysis of the relationship between land size and the number of transactions that took place; the price of land that was transacted across the five registration divisions relative to the size of the land and the reported carrying capacity for the area; the number of land reform transactions relative to generalised market activity; the extent to which buyers already owned land, thereby indicating the level of land accumulation and concentration; the link between access to information and market access; and the impact of available finance on market access. The analysis also provided an indication of the nature and level of land market activity across the geographic locations and over time. The gathered data was treated both descriptively and analytically (Neuman, 2000:122) and is presented in the findings section outlined in Chapter Five of this study.

Data and information on all the registered land redistribution projects falling within the research sites was obtained from the relevant Provincial Land Reform Offices (PLRO) of the Department of Land Affairs. This data was matched against the data obtained from the analysis of registered title deeds to ascertain any overlap. The

number of land reform transactions were then presented as a proportion of the total transactions via the land market and superimposed against the level of generalised market activity. This exercise provided an indication of the extent to which aspirant land reform beneficiaries were able to acquire land through the land market and their level of access to real land markets, relative to the general activity taking place in the land market.

Interviews

Interviews were undertaken with one hundred and seventy-three respondents from across the research sites, and included resource-poor land-seekers and members of land reform initiatives, staff of land sector agencies, academic researchers, representatives of organised agriculture, commercial farmers, representatives from local government structures, estate agents, representatives of the Land Bank and personnel in provincial and national offices of relevant government and private institutions, amongst others. The size of the respondent group allowed for sufficient data collection in order for “saturation” to occur (Morse, 1994:230, as cited in Neuman, 2000:418); to indicate trends across the research sites; and to provide a range of views from a variety of interest groups. Table 2 details the categories and number of respondents that the researcher interviewed, and indicates the level of representation according to the various interest groups.

Table 2: Categories and number of respondents interviewed

Category of respondent	Number of respondents				Total
	Hantam	NQL	West Coast	Provincial & National representatives	
Community member who identified themselves as being landless; emerging farmer attempting to acquire land	30	32	29		91
Land sector NGO personnel and land sector researchers	3	3	3	15	24
Representative of organised agriculture	2	1	1		4
Independent commercial farmer	2	1	1		4
Department of Agriculture official	3	1	2	2	8
Department of Land Affairs – national and provincial		3	2	8	13
Department of Labour	1	0	0		1
Department of Public Works		1	0	1	2
Representative of municipality/local government structure	4	3	4		11
Representative of the Land Bank		1	1		2
Estate agent	2	2	3		7
Mining company/corporate institution/private sector	0	4	1		5
Representative of SanParks	0	1	0		1
TOTAL NUMBER OF RESPONDENTS:	52	48	47	26	173

The data that was sought focused on the experiences of land-seeking people in their attempts to engage in the land market and acquire land. The data gathering methods consisted of one-on-one interviews using an open-ended interviewing instrument, focus group discussions and workshop sessions. The interviewing instrument was adapted to each interviewing context, so as to remain appropriate and draw out as much relevant information as possible. The open-ended interviewing instrument was viewed as appropriate because the aim was to gather 'an authentic understanding' of the experiences of people and according to Silverman (1993:10), open-ended questions are the most effective route towards this end.

The data was analysed for patterns and relationships (Babbie et al, 2001) which included, for example, perceptions across the various respondent groups about whether land was being made available for land reform and possible reasons for this;

attitudes regarding racism; whether prospective beneficiaries felt that they were in a position to engage in land transactions; the role of the Department of Land Affairs and the impact of its policies and procedures on the scope and pace of land redistribution; the availability of grants and state support services; and perceptions of social inclusion or exclusion, amongst others. It was envisaged that the data would provide insights into people's experiences and perceptions of the land market and the extent to which they felt it was accessible to them or effective as a mechanism for acquiring land.

It was intended that an amalgam of the findings arising from the analysis of the title deeds, the overview of the number of land reform transactions relative to the general level of market activity, and the documented experiences of people attempting to engage in the land market would serve to provide insights into the workings and efficacy of real, localised land markets and the extent to which they correspond to the intended outcomes as espoused by the proponents of the market-based approach to land reform.

Limitations

The process of gathering and systematising data across the two provinces of the Northern and Western Cape proved to be a challenge in terms of the integrity, consistency of format, and quality of information and data provided; and the differing approaches adopted for implementing, recording and sharing information regarding land reform initiatives by the different PLROs. Differences and inconsistencies were noted regarding the different approaches adopted by government departments in implementing land reform projects and programmes, the systems used for

monitoring and recording data, and in capturing information regarding the status and progress of land reform initiatives. These factors hindered the research process and may have introduced a degree of distortion that could not be avoided.



Chapter Four – Background to the case studies

This thesis examines three case studies of land reform initiatives located in Brandvlei, Hondeklipbaai and Eendekuil and which fall respectively within the registration divisions of Calvinia, Namaqualand and Piketberg (See map below).



Map showing location of case studies and research areas under review in the Northern and Western Cape

The case studies provide qualitative and substantive anecdotal information about the experiences of resource-poor land-seekers attempting to acquire or access land through the land market as the central mechanism of the land redistribution programme, and offer insights into perceptions of land availability and the way in which local land markets work. An overview of the case studies is provided here; the detailed findings and analysis are presented in Chapter five.

The first case study of the Brandvlei Emerging Farmers' Association is located in the Hantam Karoo region of the Northern Cape and falls within the Calvinia registration division. It highlights the challenges confronting small-scale farmers trying to access land through the Department of Land Affairs' Municipal Commonage Programme.

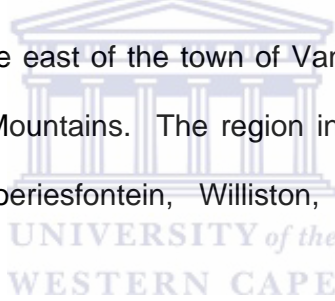
The second case study is that of the Hondeklipbaai community in the Namaqualand registration division and illustrates the lack of land available on the open market and the effect of this on a community that had previously been dispossessed of its land. The community attempted to acquire land utilising a range of land reform options – including both Restitution and Redistribution – none of which proved fruitful.

The third case study outlines the experience of the Bergrivier Emerging Farmers' Forum of Eendekuil, under the Piketberg registration division in the Western Cape, and illustrates the attempts of small-scale farmers to obtain support from the Land Bank and to access LRAD grants and external financial assistance in order to acquire land for their commercial agricultural activities.

CASE STUDY ONE – The Brandvlei Emerging Farmers' Association

“... Some people have no land and desperately need land, while other people have lots of land and don't always treat the land as if it is very precious to them. They just have it and it's there for them every day when they wake up. Sometimes people take their land for granted. This makes them to not understand how it is for people who do not have land and who keep looking and hoping.” – A small-scale farmer in the Hantam karoo.

The Brandvlei Opkomende Boere Vereniging (Emerging Farmers' Association) consists of a group of 26 farmers from the small town of Brandvlei, located 120 km north-east of the town of Calvinia in the Hantam Karoo region of the Northern Cape. The Hantam Karoo lies to the east of the town of Vanrhynsdorp and the Vanrhyn's Pass over the Kamiesberg Mountains. The region includes the towns of Calvinia, Niewoudtville, Brandvlei, Loeriesfontein, Williston, Fraserberg, Middelpos and Sutherland.



The area is sparsely populated with vast areas of white-owned farmland and game parks stretching between the towns. The land is relatively dry, receiving approximately 50 to 200mm of rain annually. The chief agricultural activity in the area is sheep farming. In general, the carrying capacity of the land allows for one ewe per 12 hectare, thus necessitating a relatively large farming area, preferably with both summer and winter grazing.

Individual members of the Brandvlei Emerging Farmer's Association (EFA) had for a number of years attempted to farm livestock on various small parcels of land that they had access to, including land on farms where they worked as farm workers and

were reliant on the goodwill of the landholders for the continuation of this arrangement. Between them, the members of the EFA owned a total of 411 sheep and 246 lambs and were unable to increase their stock numbers due to a lack of available grazing land at their disposal. They therefore decided in 1998 to approach the Hantam Municipality and request access to the town's existing commonage for grazing purposes. They obtained permission to utilise 5,710 hectare of the town's existing commonage, based on a lease contract with the Municipality. However, the Department of Agriculture intervened and indicated that almost half of this land had been over-used by the previous commercial lessee, and the Department required that this land lie fallow for two years in order to regenerate. This meant that the small-scale farmers had to be accommodated on just 3,365 hectares, where only 338 ewes could be managed. It was therefore critical that additional commonage was acquired in order to accommodate the farming needs of the existing EFA members as well as the growing number of people within the community who were showing interest in farming (Interview with EFA, August 2003).

In 2002, the EFA identified a farm for sale that suited their needs – a farm of 5,438 hectare called *Remhoogte*, adjoining the existing municipal commonage on the outskirts of the town of Brandvlei. The owner indicated that he was willing to sell for land reform purposes. Members of the Brandvlei EFA suggested that his reason for selling was linked to the location of the land: "He (landowner) keeps offering the farm to the EFA because it is surrounded by commonage land. This commonage is being used by other commercial farmers but their lease expires at the end of October and he is afraid that this land will be leased to emerging farmers and that he will be

surrounded by them – he’s worried about stock theft and dogs. Also, he hasn’t got offers from anyone else” (Interview with chairperson, Brandvlei EFA, October 2003).

The EFA consulted the Municipality and requested that it submit an application to the Department of Land Affairs (DLA) to purchase *Remhoogte* as additional municipal commonage, using the Grant for the Acquisition of Land for Municipal Commonage. In accordance with the terms of such an arrangement, the title deed would be held by the Municipality and the land utilised by the EFA based on the terms contained in a lease agreement. The Municipality agreed with the EFA’s motivation and approached the DLA regarding the purchase.

The landowner agreed to hold open a four-month option to the DLA and Municipality to buy the land at the price of R150 per hectare. This four month time-frame had, however, elapsed before the DLA approached the owner to engage in negotiations, by which time the asking price had increased to R160 per hectare. According to the landowner, this increase was unavoidable due to loss of production experienced by the owner while waiting for confirmation of the sale and a general increase in land prices in the area. However, the DLA indicated to the landowner and Municipality that it was only prepared to pay R155 per hectare (Interview with Chair of EFA, October 2003; Interview with DLA official responsible for negotiations, August 2003). The DLA was urged by the Municipality and the EFA to reconsider and appeals were made to its office in Kimberley, but the DLA insisted that the asking price was too high by R5 per hectare and it therefore terminated negotiations and the deal fell through (Interview, Councillor of Brandvlei Municipality, August 2003). The additional cost of R5 per hectare would have amounted to an additional R27,190 on the total

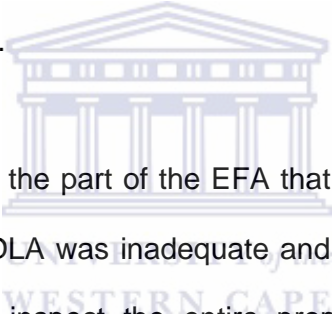
purchase price. According to a Municipal Councillor, “The Municipality offered to pay the R5 per hectare difference in the price but he (the DLA official) said that the DLA could not agree to this. The Municipality would have been able to pay this difference from the income from *meent* (commonage) leases – we could have paid it off in a year or so” (Personal interview, August 2003).

A Northern Cape PLRO official based in the Kimberley office confirmed that the Department believed the price to be too high and the official dealing with the *Remhoogte* negotiation at the time commented: “*Remhoogte* was ideally situated but the key problem was the price. We could not go above the market indicated price. The DLA does not want to be blamed for increasing land prices and one therefore has to stick to the limits. I agree that there was not a big difference in the price and what DLA could afford to pay but we needed to make the point that we are only prepared to buy land at an appropriate price ... Unfortunately, the need for land by the emerging farmers in that area still exists” (Personal interview, DLA official responsible for negotiating the purchase of *Remhoogte*, August 2003).

An official of the Northern Cape PLRO commented: “Given the high selling price asked by the landowner of *Remhoogte*, this transaction was cancelled. Acquisition of this land would have meant that Land Affairs, especially the Northern Cape PLRO, was deliberately frustrating the land market. Had the PLRO continued with this transaction it would have been regarded as fruitless expenditure in terms of the PFMA (Public Finance Management Act, 1999)” (Personal interview, PLRO Official, Northern Cape, August 2003).

The EFA felt that given that available land was so scarce, the DLA should have pushed harder to acquire *Remhoogte*. Comments made by a small-scale farmer highlight the difficulty of finding available land:

“It is very seldom that a farm comes onto the market that is adequate for our needs and that is within the average price range in the area. It’s not as though we can pick and choose. When an option like this comes onto the market it is a gift on our doorstep, a miracle and yet this miracle has been lost to us because of DLA’s approach to land reform. I don’t think that DLA really understands the land crisis. There simply is no land available, certainly not at an affordable price. We can’t understand the logic of DLA” (Interview with EFA member, August 2003).



There was also a concern on the part of the EFA that the valuation of the farm that had been commissioned by DLA was inadequate and it was alleged that no proper attempt had been made to inspect the entire property and its infrastructure – according to comments from small-scale farmers in the area, the valuation was cursory and the valuation reports were not made available to the EFA or the Municipality. The DLA did not engage with the Municipality during the course of the negotiations with the landowner and the Municipality was simply presented with a final decision (Interview with EFA members, August 2003).

After the failure of the EFA’s attempts to have *Remhoogte* purchased as additional commonage, the EFA set up a sub-committee that was tasked with looking for other available land. This Committee has since indicated that they have not been able to find any land. They showed interest in a more remote farm that came onto the

market but according to the EFA, when they approached the landowner it was taken off the market. They believed that the landholder's response was based on prejudice and a lack of preparedness to sell for the purpose of land reform. They suggested that the manner in which the DLA had dealt with the *Remhoogte* negotiations may have caused the landholder to feel disinclined to engage in a land reform initiative (Interview with EFA members, October 2003).

CASE STUDY TWO – Hondeklipbaai Community

"In the old days we were living and farming and fishing here. Then from the 1960s the mines came and the gates were shut – we were enclosed. We lost our land, we had to get rid of our livestock and we were forced to pay taxes. To this day, we still have no land" - A leader of the Hondeklipbaai community, August 2003.

The village of Hondeklipbaai is situated on the West Coast of Namaqualand, 80 kilometres west of the town of Garies in the Northern Cape. The region is semi-arid and large tracts of land are needed for extensive livestock and grain farming. The climatic conditions are harsh, with very little rainfall, a scarcity of drinking water, little vegetation for grazing animals and the constant threat of drought, overgrazing and soil degradation. The landscape has been further degraded by mining activity, with very little rehabilitation of the soil and vegetation being evident.

The key landowners in the area are the mining companies of de Beers, AlexCor, Okiep Copper Company (OCC), Black Mountain (Anglo American), and Blesberg, a private mine. In addition, the State owns large tracts of land which is leased to the TransHex Mining Company. The community is hemmed in by properties owned by

mining and fishing companies, the State, game parks and private commercial farmers (Interview, official of the Department of Agriculture, August 2003).

The village of Hondeklipbaai is located within the boundaries of the “Farm Hondeklip Bay”, also known as the Hondeklip Reserve, an area of approximately 2,162 hectares in extent. In terms of the Certificate of Registered Crown Title 292/1954, the Farm Hondeklip Bay is state-owned land. On 1st January 1954, the area was proclaimed the “Local Area of Hondeklip Bay”. In 1980, the Divisional Council of Namaqualand was granted jurisdiction over the state-owned portion of Hondeklip Bay. This responsibility was then passed to the Namaqualand Regional Services Council in 1990 and then to the Kamiesberg Municipality in the mid-1990s as a result of the new municipal demarcations (Govender, 1997).



The Hondeklipbaai community has a history of occupation of the Hondeklip Bay Reserve which goes back to the nineteenth century. Senior residents in the village make the following claim:

“Die gebied was plat en uitgestrek met geen beperking op weivelde. Geen grensdrade of bakens wat gedien het as grense tussen Hondeklipbaai en Kommagas. Veeboere het seisoenaal rondgetrek met hul vee en matjieshuise. Daar is dus bewyse van ou veeposte en oorblyfsels van okkupasie. [The area was flat and stretched out with no limits on grazing. There were no boundary fences or beacons which indicated boundaries between Hondeklipbaai and Kommagas. Livestock farmers migrated according to the seasons with their livestock and thatched dwellings. Today you can still find traces of old animal posts and signs of occupation]” (Govender, 1997).

As a result of the forced removals under Apartheid and the protection of diamond mining interests in the area, the community living in Hondeklipbaai was dispossessed of its land in the 1960s. Today, there are approximately 600 people living in the Hondeklipbaai township village. Of these, at least 40 indicated a strong desire for land in order to farm or pursue other marine and mining-based enterprises (Community focus group discussion, August 2003). People continue to struggle to find available land to carry out their multiple livelihood strategies. According to residents:

“There are economic opportunities such as perlemoen and oysters but we can’t expand and do the work because we do not have the land to run the operation from. A group of women want to start an oyster project but they have no land. As soon as you start to just use the land that is sitting there then suddenly the owners or whoever start complaining and tell us we can’t be there and chase us away. Just to get land or rights to use the land or to fish, you have to have a lot of money. People don’t have money and so they just stay away from engaging in these issues. They just stay on the side and then they can’t develop” (Interview with residents, August 2003).

Arising from a series of workshops conducted in the community, an analysis of the residents' current livelihood activities was undertaken. It reflects that many residents are living below the poverty datum line and are struggling to support themselves and their families. Most are reliant on State social grants and pensions. All those interviewed indicated a desire to improve their standard of living and to explore other livelihood strategies and options – the acquisition of land was viewed as critical and central to realising this and reflected the multiple values and meanings community

members placed on the land (Findings of community workshop, Hondeklipbaai, August 2003).

Residents indicated that:

“There are no more jobs in the mining industry in this area – mines have been overworked and most are rationalising and down-scaling – and so farming is the only option available to us as a source of income and livelihood. We need land in order to farm” (Interview, August 2003).

Members of the Hondeklipbaai community indicated that they had received very little support in their attempts to acquire land and commented on the DLA and Department of Agriculture’s approach to land reform implementation work, suggesting that the government was not proactive:

“DLA and the Department of Agriculture do not help us find land. The community has to look for land and once we’ve identified it we have to approach the DLA or Agriculture. It seems that there is a conservative approach from Agriculture – if there’s no willing seller then that’s just too bad” (Interview, August 2003).

The community had attempted to acquire land through both the Restitution and the Redistribution programmes of land reform. The first claim for the restitution of their land rights submitted on behalf of the residents was lodged by the Hondeklipbaai Development Forum in 1994. However, the Regional Land Claims Commission was of the opinion that Restitution was not the appropriate mechanism to be utilised in

this instance and the land claim was rejected. This resulted in a claimant community in Hondeklipbaai that:

“... feels deeply aggrieved and lives with a sense of its rights having been eroded. The oral testimony of its members, especially its senior members is a tale of woe, of poverty and no promise of relief. Their accounts of what happened hold on doggedly to their conviction of loss of rights to the land”
(Govender, 1997:21).

After the failure of their attempt to acquire land through the Restitution Programme, the Hondeklipbaai community continued to attempt to find land in the hope of acquiring it through the LRAD programme. However, they have had no success in finding available land and are of the opinion that there is no land currently available for purchase in the area. The residents view the land market as static and as essentially being an internal market in the event that land does become available for transaction. They indicated frustration about the LRAD process saying that they are responsible for finding land and that they can only approach the DLA for assistance or a grant once they have a degree of certainty about the owner's preparedness to sell for land reform purposes. They indicated that it is virtually impossible for an owner to have faith in the negotiating process and to commit to engage in a land reform negotiation if the buyers themselves have no certainty about whether their grant application will be approved or how much money they will be granted (Interview with Hondeklipbaai residents, August 2003).

According to members of the community, they suspect possible collusion amongst private landowners in a bid to keep them out. They have the sense that land for sale

is not publicly advertised and that landowners only inform their neighbours and relatives. The community views this as a 'closed circuit' which excludes them (Interview with Hondeklipbaai residents, August 2003).

Land that could potentially become available is state-owned and is leased by the TransHex mining company. The Company indicated that it was rehabilitating mining areas and was due to hand land back to the state within two years (Interview, TransHex management, September 2003). Out of desperation, a number of the Hondeklipbaai residents are hoping to acquire this land, but while it is well-situated it may be unsuitable as it has become too degraded and will require an extensive period of re-vegetation and rehabilitation prior to being viable for agricultural purposes (Interview, Department of Agriculture, September 2003).

During 2003 and following a series of community meetings, the residents of Hondeklipbaai organised themselves into a *Grondsoek Kommittee* (Land-seeking Committee) in order to streamline and co-ordinate their attempts to access land and to network and engage with existing forums that may assist them with accessing land.

The community was concerned that even though they had raised their land needs with the Department of Land Affairs and with the mining companies in the area, the de Beers Mining Company was in the process of selling off land to the Namaqualand Parks Board and the State was not providing adequate assistance to support residents in their attempts to acquire land (Community workshop, Hondeklipbaai, August 2003).

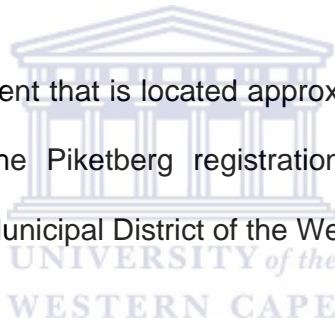
The generalised level of despair expressed by residents of the Hondeklipbaai community is captured in the words of a land seeker and aspirant farmer:

“The land is dry, the grants are dry, and our pockets are dry” (Interview, August 2003).

CASE STUDY 3 – Bergrivier Small-scale Farmers Association

“It was dark for us, but it was light for them”– Comment made by a small-scale farmer from Eendekuil, regarding his Association’s experience of interacting with the Land Bank and a consortium of commercial farmers, August 2003.

Eendekuil is a village settlement that is located approximately 30 kilometres north of the town of Piketberg in the Piketberg registration division. It falls under the jurisdiction of the Bergrivier Municipal District of the Western Cape.



Private landowners and commercial farmers own approximately 90% of the agricultural land in this region. The land is used for commercial agriculture and increasingly for private game farms and wild life reserves. The remaining land is owned by private companies engaged in cement and sand mining and processing, with mining and industrial sites at Saldanha Bay; the Municipalities of Saldanha, Matzikama, Bergrivier, Swartland and Cedarberg each own commonage land; and Christian orders own extensive tracts of land at mission stations at Abbotsdale, Wittewater, Genadendal, Wuppertal, Genadenberg and Moravia.

There were initially two groups of small-scale farmers in the Eendekuil area – the Sandveld Farmer’s Association and the Eendekuil Small-scale Farmers’ Association.

Both groups had been interested in acquiring the farm *Goergap* at the time that the former owner of the farm had become insolvent and the farm was sequestered and placed under the administration of the Land Bank. The farm has a land area of 3,000 hectares and is located in the Eendekuil area of the Bergrivier Magisterial District in the Piketberg registration division.

During the course of discussing how they might apply for redistribution grants from the DLA through the West Coast District Assessment Committee (DAC)^y in order to purchase *Goergap*, the two associations agreed to merge and make a single application to the DAC. They formed the Bergrivier Emerging Farmers' Association, with a combined membership of 260 emerging farmers.

Due to the introduction of a moratorium on all redistribution grant allocations in 2000, the EFA was unable to access any land reform grants. They therefore approached the Land Bank in two capacities – both as the administrator (and therefore the seller of the land) and as a potential lender of finance – in order to purchase *Goergap* from the Bank. They requested assistance from the Bergrivier Municipality in the form of providing support and motivating for their intended land reform initiative (Interview, Bergrivier EFA, September 2003).

According to the EFA, at the time that they made their initial application to the Land Bank there were no commercial farmers showing interest in *Goergap*. During the course of their contact with the Bank, however, they came to believe that the Bank was “not interested in our application. We felt ignored and the Land Bank treated us as if we did not know about farming and about how to work the land” (Interview with

EFA members, September 2003). They approached the Land Bank on numerous occasions and provided a motivation as to why their application for a loan to purchase *Goergap* should be considered favourably. In addition, the EFA met with the DLA regarding the status of their application for a grant in light of the moratorium on all new grant applications and the implications of this on the registration of their intended project at *Goergap* (Interview with EFA members, September 2003).

During the course of lodging their application and feeling that they were not making adequate progress, the EFA was approached by a business consultant who became interested in purchasing *Goergap*. The consultant proposed that the EFA join him in establishing a joint venture in the form of a Trust, with the EFA having a 51% share and the consultant having a 49% share. He had indicated that on the basis of funds from the offices of the Departments of Agriculture, Social Services and Economic Development and Tourism he could secure funding from Holland and that the farm's produce (export quality onions) would be exported to Holland. He acquired planning funds from the Department of Agriculture in order to develop a business and land management plan (Personal interview with business consultant, November 2003).

The EFA then agreed to engage with the consultant to purchase the land and to embark on a joint venture. In March 2003 they jointly made an offer of R1 000 per hectare to the Land Bank as the administrator of *Goergap*. This amounted to a total offer of R2,9 million. When submitting their offer, they indicated in writing that they would be prepared to negotiate and to increase their offer if necessary, depending on the progress of the negotiations. However, according to the EFA, the Land Bank did not respond to their offer or to their various correspondence and instead offered

the property to a consortium of existing commercial farmers and landowners in the area, for R10 000 more than the EFA's initial offer (Interview with EFA, September 2003). The EFA and consultant indicated that they would have been in a position to raise this additional sum had they been given to opportunity to do so (Personal interviews, September 2003).

The chairperson of the EFA indicated that after receiving no acknowledgement or outcome from the Land Bank, he had contacted the relevant official at the Bank and requested reasons as to why they had not been granted the farm and/or why they had not been invited to increase their offer in order to match that of the competing consortium. Various explanations were given to the EFA, none of which they found to be satisfactory (Interview, EFA Chairperson, September 2003).

The EFA viewed the Land Bank's management of the situation as "unfair and unprocedural" (Interview, September 2003). They believed that the Land Bank had acted in a discriminatory manner towards them, after having initially raised their expectations. The EFA was of the opinion that the state, through the DLA and the DAC, had not played its expected role of encouraging land reform and supporting small-scale farmers in their endeavours (Interview, September 2003). When contacted by the researcher, the Land Bank indicated that, "The outcome had been determined by market forces" and that it was not in a position to consider "uncompetitive bids" (Personal interview, Land Bank official, September 2003).

The above case study sketches provide the background and the evidence base for the detailed analysis of the land market as presented in the next chapter.

Chapter Five – Findings of the study

This chapter presents the study's findings, including narrative and anecdotal detail from the case study interviews and a quantitative analysis of the title deeds of all agricultural land transactions within the five year period under review. The presentation of these findings is structured according to features that are necessary for land market transactions to take place and the policy assumptions associated with these, as outlined in Chapter two.

Land as a commodity available for transaction

This section focuses on land as a commodity, its availability for transaction on the land market, the extent of land market activity across the five registration divisions and case study areas, and the fundamental impact of the lack of land on the market and the potential for land seekers to acquire land.

Land as a commodity

In each case study, the respondents did not view land simply as a commodity but highlighted the multiple values they placed on land and the significant effect that having access to land might have on their livelihoods, health and well-being. The multiple uses and livelihoods derived from land are highlighted by the Hondeklipbaai case study. Significantly, all respondents viewed access to land as an indicator of the realisation of social justice and a restoration of their rights (Interviews, community members, 2003).

The focus on a land parcel primarily as a commodity, without due consideration for the other values and uses associated with acquiring that particular land as well as the State's focus on market value as the primary determinant of the value of land is starkly illustrated by the Brandvlei emerging farmers' experience of attempting to acquire the farm *Remhoogte* as additional commonage. The value of the farm was viewed by the DLA solely in terms of its market value and in terms of its price as a commodity rather than the socio-economic and political impact which the acquisition might have had on those involved. The Department refused to purchase the land because the price was viewed as being above the scope of what constituted the market value by R5 per hectare. In the process, other values of significance to the willing buyers were lost sight of – its location and proximity to town, the lack of any other available land in the area, the use value, the potential to improve the livelihoods of the farmers and their families, the multiplier effect on the local economy, the impact of improved nutrition for the affected families, and the element of social justice and symbolic restoration of land to otherwise landless people in the area.

The availability of land in the case study locales

A fundamental ingredient for both the functioning of the land market and for implementing market-based land reform is an adequate level of activity in the market. In contrast to the need for an 'elastic' supply of agricultural land in order for there to be a vibrant land market (World Bank, 2003) and Gordillo and Boening's (1999) warning regarding the need for a sufficient supply of land if market-based land reform is to be possible and affordable (as detailed in Chapter Two), the experience of land-seekers in the three case study areas suggest that the lack of

available land for sale has resulted in an essentially static market within their locales and therefore in a stalling of land reform (Interviews with community members, August 2003; Department of Agriculture officials, October, 2003). In the Hondeklipbaai region of the Northern Cape, land-seekers indicated that there are at least 40 individuals seeking land at any one time, either as a group or as individuals, but that there is a zero supply of land available for transaction – thus indicating that there is effectively no land market in the area.

The lack of available land in this region was confirmed by commercial farmers who had themselves been forced to purchase land far away from their existing farm/s in order to acquire additional grazing. In the words of a commercial farmer in the Hondeklipbaai area, “Land is scarce here. I ended up buying a farm 200km away because there were no farms in this area that were for sale” (Interview commercial farmer, Hondeklipbaai, November 2003). The fact that a successful commercial farmer who had available capital resources and was well-connected in the local farming community had found it so difficult to find land, suggests that it would be all but impossible for local resource-poor community members to find available land in the area.

Similarly, the case studies of the Brandvlei Emerging Farmers Association and the Bergrivier Small-scale Farmers Association also point to a land supply-demand ratio that does not respond to land need in the area. The latter group stated that there was a scarcity of affordable and appropriate land type and size available on the market (Interview, Bergrivier EFA, September 2003). In the words of an emerging farmer from Bergrivier: “It is very difficult for us to understand and believe it when we

are told that land reform is working and that the willing seller/buyer is the best route to go. There simply is no land available to us, even if we could afford to buy it. Part of the problem is that certain farmers have up to seven farms each ... we cannot get our foot in the door. There's a monopoly on land ownership here" (Interview, August 2003).

The DLA Northern Cape Provincial Office indicated, "There is a scarcity of land for purchase in the Hantam area. It is our experience that even private purchases are not regular and this naturally contributes to relatively high land prices" (Interview, November 2003). However, in the absence of available land on the market, no alternative channels were sought by the DLA to acquire land for prospective land reform beneficiaries through alternative mechanisms such as expropriation, the purchase of a large tract of land with the potential for sub-division, or other forms of intervention. The market can therefore be said to be the determining factor in the progress and pace of land reform, with little or no alternative intervention made by the state over and above making grants available to aspirant beneficiaries.

A factor that appeared to have impacted on land availability in the Namaqualand and Hantam Karoo region is the preparedness of the South African National Parks (SANParks) to pay relatively high prices for land. A number of commentators indicated that as a well-resourced buyer with an ambitious expansion plan, SANParks pushes up land prices and absorbs all available land in the area. An estate agent in Namaqualand indicated that, "It is not uncommon for SANPARKS to pay 50% above the normal market value to get land in order to establish new game parks or extend existing ones. An example is that of the SANPark's purchase of land

