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## Sow seeds of a new conversation

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THIRTEEN years on from a new dispensation in SA, and 27 years beyond a new dispensation in Zimbabwe, it is at once fascinating and disturbing to see that land remains at the core of political incoherence. In one place, white farmers cannot get out fast enough, while in another white farmers cannot be made to budge. There is a collective fear south of the Limpopo that the tragedy being played out north of the Limpopo is on the horizon. What is to be done? If SA is to avoid the Zimbabwe "solution", it will first be necessary to change the nature of the conversation about land, and about those who now have it vis-à-vis those who wish to have it. The problem can be traced back to early days with the flawed dogma of "market-driven" land reform.

This nonsense soon transmogrified into market-assisted land reform. The change does not fool anyone. Why, exactly, SA should suddenly be charmed by markets — after several decades in which commercial farmers were shielded from the discipline of markets — is yet to be explained. One plausible explanation is found in the timing.

The early 1990s coincided with the full emergence of globalisation and the felt need to attract foreign investments by virtue of which — or so it was claimed — SA would be launched on a virtuous trajectory of solid growth and the associated reduction of poverty. Leaving aside the matter of how well the South African economy has been served by this ideology, the mental residue of that approach continues to impede progress with respect to land. Notice the claim that to attract foreign investment secure "property rights" are required — an assertion that the quite astounding growth in China exposes to be seriously defective. But the commitment to this myth was carried over into land policy by situating the conversation about land in the realm of "property rights" and that grand bugaboo known as "expropriation" of private property. How could SA expect to attract foreign investment if it did not "respect" private property?

And of course the push for "market-assisted" land reform — captured by the oxymoron of "willing buyer, willing seller" — completed the circle. The inconvenience of few willing sellers, and the paucity of willing buyers (those made to buy back what was taken from them in the past) means that the gridlock in land policy is precisely what ought to be expected. But another impediment appears to be long-running disputes about what particular commercial farms are "worth". Various experts will be deployed to take their readings and then report back as to their findings. Those findings are then contested — both by the community of experts, but also by the large cohort of unwilling sellers. Who among us would take the word of mere appraisers for what our possessions are "worth"? And when it concerns the "worth" of South

African commercial farms, the question is even more contentious.

But let us change the subject. What if we were to ask this question: "What annuity from the state would be a fair level of future annual income to be made available to commercial farmers who gather up their possessions and retire to Knysna, Umhlanga Rocks or similar agreeable venues?"

Asking this question avoids the contentious and very difficult challenge of arriving at a single number concerning the worth of a commercial establishment that now — in the absence of subsidies and aggressive protection from market pressures — may well be negative. Let us keep in mind that the market value of a productive asset is the discounted present value of its net returns into the future. Under the distorted economic history of South African agriculture, and in light of the tenuous economic climate off into the future, any expert who claims to know the "worth" of a large commercial farm is lying to us.

My proposal moves us out of this morass and focuses attention instead on the human dimension of SA's commercial agricultural sector. The South African state owes a great deal to its white farmers, who kept the country fed and in foreign exchange throughout its fractious and unpleasant history. They deserve to be treated well. But they do not deserve compensation for assets that were artificially valorised by apartheid agricultural and economic policy. Offering them a decent retirement annuity in relative comfort makes perfect economic sense. And the ethical aspect seems compelling as well.

How might we start? The government could announce that on January 1 next year, the first 100 white commercial farmers to apply would receive an annuity comparable to retirement plans on offer to an average of the top 10 managers of South Africa's 20 largest private firms for the year 2007. It could also be announced that the second 100 white commercial farmers to apply would receive just 80 % of that received by the first 100. Notice that we create a scarcity of the most lucrative plans — thereby bringing forth those who wish not to lose out on a good deal. The scale and generosity of future plans could be arrived at once we see the uptake of this early effort.

The point here is to move beyond the current stalemate, and to shift attention away from "compensation" for a set of assets whose very political provenance is highly contested. And it is to put the matter squarely into the realm of seeking to be more compassionate to this latest group of displaced persons than the old apartheid regime was to the original cohort of displaced persons.

Why can't SA have this conversation about land?

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