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The Zimbabwe-ification of South Africa?

A change in land policy would wreak havoc on the economy.

By [MARIAN L. TUPY](#) and [MICHAEL KRANSDORFF](#) From today's Wall Street Journal Europe.

"The road ends here," reads a makeshift sign in the middle of the highway connecting Bulawayo with South Africa. For many miles, the once busy commercial artery between Zimbabwe's second largest town and its main market has simply ceased to exist. Motorists have to wind their way on an improvised gravel path through the open bush. All along the route, they can observe once productive farms lying abandoned and once productive farm workers scavenging for food.

The dilapidated state of infrastructure and widespread poverty are the results of the destruction of property rights and the rule of law by the government of Zimbabwe. Yet South Africa's new Minister of Land Reform and Rural Development, Gugile Nkwinti, clearly has not been to Zimbabwe in recent years. Speaking in parliament late last month, he announced that the ANC government would scrap its current "willing buyer willing seller" land redistribution policy, which allows the government to acquire land only at a market price and only with the consent of the land owner, and replace it with "less costly, alternative methods of land acquisition." The new policy will almost certainly include some form of land expropriation that could spell disaster for the South African economy.

South Africa's current land problems hark back to colonial times, when native lands were expropriated from their rightful owners, usually without compensation. The 1913 Natives Land Act preserved some 87% of the country's land for the exclusive use of the white minority. Since coming to power in 1994, the ANC government has made land restitution and redistribution its priorities. The government aims to transfer 30% of commercial agricultural land to black South Africans by 2014. As of today, only 5% of the land has actually been distributed.

The ANC has blamed the failure of the current land distribution policy on high prices and obstinate farmers. Some land has appreciated in value because of foreign investment in game reserves and real estate. Such price appreciation should be seen as a sign of investor confidence as well as a source of much needed foreign capital.

According to Mr. Nkwinti, however, "It shouldn't be a situation where we can't get land because it's too expensive because it's owned by Americans, by Germans, by other Europeans and people outside this country, and not Africans. . . ." "To redress [the] imbalances of the past," Mr. Nkwinti continued, "the government must have enabling laws that can allow the pace and the price of land acquisition to be in the hands of the state, rather than in the hands of the seller."

But land redistribution has failed not because of a faulty policy, but because of the ANC's own incompetence. The land reform bureaucracy has a reputation for inefficiency and lack of delivery. Since 2005, it has not been able to spend its own budget. In 2006, there were 1,000 vacancies in the Department of Agriculture and Land Affairs. It is well-known that the lack of skills and capacity in government are partly a result of the politicization of the civil service and affirmative action.

Even when the government has succeeded in distributing land, much of it has ceased to be economically viable. According to the government's own statistics, some 50% of land reform projects have failed. A once thriving potato farm in the KwaZulu-Natal Midlands is now a makeshift soccer field. A former tea estate in Magoebaskloof in Limpopo has become an overgrown forest. The list goes on.

Many of the new land owners have no farming or management skills. They have nothing invested in the land because the government gave them their farms for free after buying the land from the original owners. Furthermore, the uncertainty over the future of farmland has led to a fall in agricultural production. There was, for example, a 7.3% fall in maize plantings in the 2008-09 season. And that was at a time when food prices were soaring.

A policy of expropriation and restriction on private land use will only aggravate the decline of South African agriculture. The weakening of property rights in the agricultural sector will raise questions over the government's commitment to defend property rights in other parts of the economy. That will discourage new investment and thwart the much needed economic growth.

A new approach to land reform in South Africa requires privatization, not expropriation. Some 25% of South African land is owned by the government. Some of it belongs to nature reserves or is of a low agricultural quality. But no serious attempt has been made to determine the viability of the government land for redistribution. Fifteen years after the ANC took over, only one-third of state land has been audited.

Land expropriation does not lead to justice or prosperity. As the case of Zimbabwe shows, it is a road to economic destruction. South Africa must turn back now before it is too late.

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