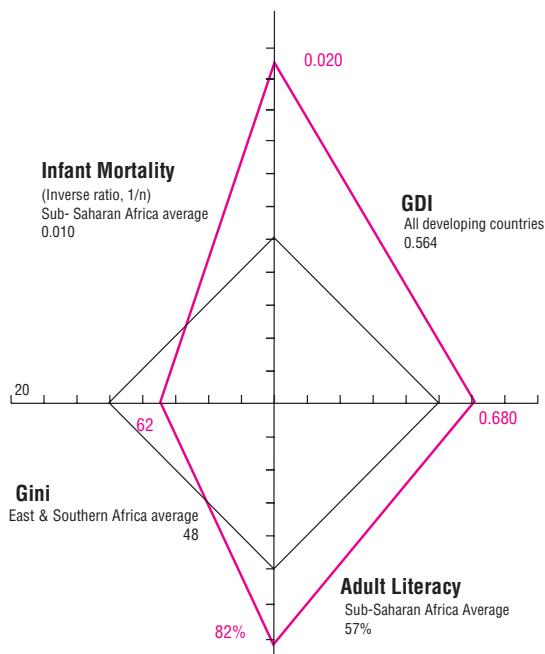


S O U T H A F R I C A

R E P O R T

• DAVE HUSY

THE STRUGGLE FOR THE LAND



The Equity Diamond: National values in terracotta compared to regional ones in blue.
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

necessary support, it is unlikely that small and medium farmers will be able to survive on agricultural income alone. A comprehensive and meaningful strategy is required to eradicate poverty and inequality since GEAR will only worsen existent problems.

It is five years since South Africa elected its first democratic government in 1994. In these five years, the new government has rewritten policy frameworks and redirected programmes. The government's stated intention was to develop the country and its people with a special emphasis on disadvantaged groups. With this perspective, South Africa ratified the ten commitments of the WSSD in 1995 and committed itself internally to addressing the needs of the disadvantaged and poor.

Progress has been poor: gains made are limited in nature and insufficient to eradicate poverty. More importantly, the South African government has begun to revise key policy frameworks in a way that will significantly impact on its ability to address poverty through social development programmes.

With almost 70% of South Africa's poor living in rural areas, it is largely rural people and more specifically, rural women, who bear the brunt of underdevelopment. This report examines the impact of South African government policy and programmes on the development of people in rural areas as a barometer of the impact of development programmes on the country as a whole.

Since its inception in 1996, the Growth, Employment, and Redistribution (GEAR) strategy directs South African economy. GEAR has not achieved projected levels of growth, however, and has resulted in a decline in employment. Significant negative impacts could be felt by the agricultural sector that produces for the domestic market and by small and medium scale farmers. Without the

POLICY ENVIRONMENT

In line with a stated commitment to the development of its people, the South African Constitution sets out provisions for socio-economic rights and the development of vulnerable and disadvantaged groups in such areas as land reform, security of tenure, housing, environment and welfare. The Constitution also provides for the creation of legal mechanisms to ensure that these rights are safeguarded and promoted by government, law, and civil society. Mechanisms created for this purpose include commissions for human rights, gender equality, and land claims.

At the same time as it creates frameworks and mechanisms for these rights, the Constitution promotes the principles of non-racialism and reconciliation. Laudable in theory, in practice this has meant the entrenchment of inequalities of race and wealth through, eg, protection of existing private property rights, entrenchment of representation for white community interests in local government, and job protection for thousands of white civil servants. These safeguards for members of the white community, advantaged by decades of Apartheid policy, have proved to be difficult obstacles to the effective eradication of poverty and inequality. For example, **86% of land ownership remains in the hands of approximately 60,000 white landowners, while 14 million black South Africans struggle to generate a meagre livelihood with over-used and exhausted patches of land.**

The official government programme for post-Apartheid reconstruction of society and the economy was set out in the Reconstruction and Development Programme (RDP), which had a ministry responsible for its implementation. The RDP was the result of consultations between political parties, business and civil society, including the trade union movement. As such, it represented a negotiated programme for development broadly supported by all sectors of society. Key provisions of the RDP included the redistribution of 30% of land from white owners to new black owners within five years, a mixed economy combining state intervention and market regulation, and significant targets for access to water, health, and employment.

In 1996, the RDP was supplanted by a new macroeconomic policy called the Growth, Employment, and Redistribution (GEAR) strategy. Termed by observers as an «internally imposed structural adjustment programme», GEAR has among its central strategies typical neo-liberal components: a fiscal reduction programme to contain debt service obligations and counter inflation; a consistent monetary policy to prevent a resurgence of inflation; a reduction of tariffs to contain input prices and facilitate industrial restructuring; accelerated restructuring of state assets to optimise investment resources; appropriately structured flexibility within the collective bargaining system; and an expansion of trade and investment flows in Southern Africa. The strategy as a whole emphasises the need for accelerated growth to be achieved in the immediate term with cuts in expenditures for government consumption, checks on private and public sector wage increases, tariff reforms, and improvements in domestic savings performance.

ECONOMIC EFFECTS OF GEAR

Since GEAR's inception in 1996, globalisation has had stark effects. Massive global instability has severely impacted the economy, which suffers from rising interest rates, effective devaluations of currency and declining employment. Proponents of GEAR argue that its failure to meet targets is due to the instability of the global economy, but an examination of the effects of the GEAR strategy itself presents different conclusions.

A first inroad of GEAR was on the budgetary planning of individual government departments. The Medium Term Expenditure

Framework required three year plans and budgets from departments. This is in principle a good approach, but there are two critical problems. The first is that it was accompanied by severe cuts and measures to ensure fiscal discipline. This means that significant lobbying has been necessary to ensure resources are available for land reform, rural development, housing and water budgets, and even so, there was a real decrease in these budgets for 1998. The second problem is that when new issues arise that were not planned for, it is difficult to secure resources for these from the government. In fact, an effect of GEAR has been the unwillingness of government to develop programmes or legislation which may, put simply, cost money.

GEAR has not achieved projected levels of growth and has resulted in a decline in employment. The target of 126 thousand jobs created in the first year of implementation contrasted with an actual 71 thousand jobs lost. In addition, targets of 3% of budgetary deficit contrast with 3.9%. By the end of 1998, the economy had had two consecutive quarters of negative growth and was about to enter an official period of recession. Currency values have been remarkably unstable and have also declined significantly. The strategy of an expansionary infrastructure programme has not been implemented, entrenching the isolation and under-development of rural and urban areas. The only components of GEAR that have been reasonably successful are the extremely high interest rates and severe fiscal discipline at the budgetary, not necessarily the implementation, level.

AGRICULTURE AND LAND REFORM

Agriculture plays a significant role in the economy. While the direct contribution to GDP may be in the region of only 4%, the combined contribution of the input, processing, and marketing industry is significant. In fact, some studies indicate that «increases in agricultural production may have large impacts on growth, employment, and the balance of payments». Mather and Adelzadeh estimate the output multiplier of agriculture as 1.6—meaning that for every one million rand of agricultural production, R600 thousand is generated by other sectors of the economy. They point also to the strong multiplier effect on employment, with more jobs created in agriculture with increased production than for any other sector. The employment coefficient for farming is 98—meaning that for every one million rand decrease in the value of agricultural production, 98 jobs are lost.

GEAR will affect land reform and rural development programmes through reduction of funds available for these programmes as tighter budgets and a restrictive financial regime predominate. These budget cuts have a range of implications.

The first is that reduced resources available to the government department responsible for land reform means that it will be difficult to maintain the levels of staff necessary for land reform programmes. As Hornby points out, the lack of new appointments will lead to staff shortages, permanent district offices may not be established, and local governments will remain understaffed.

A second implication has to do with the budget for beneficiary land acquisition grants. Here the reduction in available resources

will have one of three effects: the value of the grants may be reduced; their value may remain constant but decline in real terms; or their value may remain constant in real terms, but the total number of grants available will be limited.

GEAR ignores the potential that formal agriculture offers for economic growth and employment in rural areas. This is significant, given the contention that growth and employment in agriculture is more affected by an unfavourable macroeconomic environment than by domestic policies. It follows that the most benefit will accrue to the exporting sectors of agriculture. These sectors have the greatest potential for growth and employment creation, and they are less vulnerable to labour loss through mechanisation (due to the fact many cropping functions cannot be mechanised) and drought (many export crops are irrigated or grown in high winter rainfall areas).

On the other hand, significant negative impacts could be felt by the agricultural sector that produces for the domestic market and by emerging small and medium scale farmers. While the former may battle to compete with increasingly cheaper imported foods, the latter will face severe obstacles in high interest rates in addition to competition. The withdrawal of direct government support—implicit in GEAR and explicit in agricultural policy—leaves this sector of farmers vulnerable to pressure from the market. Ironically, these very farmers may seek part-time employment in the domestic food production sectors that are themselves experiencing crisis. Without significant support, it is unlikely that small and medium emergent farmers will be able to survive on agricultural income alone.

The impact of GEAR on the domestic food producing sector may well be the most significant one in the longer run. As Mather and Adelzadeh note, the exposure to an open market will lead to considerable restructuring in the maize, wheat and oilseed sectors. Apart from a shift to less labour intensive game and stock farming—leading to a decline in employment—severe inequalities may develop in rural areas between export-oriented regions and domestic-oriented regions. The former will flourish under GEAR, while the latter will face severe limitations. Job creation and growth will centre around export sectors, leading to the reshaping of the rural economy, wage and employment opportunities, and ultimately, rural migration and settlement patterns.

Linked to the restructuring of domestic agriculture are the implications of GEAR for small farming. Ostensibly, GEAR is meant to support small and medium scale emergent farmers, although this is limited to information and technical support. Lack of effective infrastructure in certain areas is unlikely to be addressed under GEAR. Nor is there likely to be an active provision of resources or protection for emerging farmers. Emerging farmers will probably not fare well in an open environment and market, and if they do, it will only be with significant support from government or from accumulated financial resources. The alternative, of course, is that small-scale farming will be subsistence in nature, and be carried out by those who cannot easily seek income elsewhere,

most significantly rural women.

The result of agricultural restructuring will be stark. Not only will there be a direct impact on the livelihoods and employment of millions of rural black people, but there will also be an indirect impact on overburdened urban infrastructures as millions of people seek relief in the cities. A comprehensive and meaningful strategy is required to address poverty and inequality.

TOO MUCH PAPER?

Four years after ratifying the ten commitments of the WSSD, South Africa has made great gains in putting to paper the expressions and promises to address poverty and inequality in South African society. These have been undermined by failures of policy and delivery, however, and they are being limited and even rolled backwards by the introduction of a stringent macroeconomic framework—GEAR. Over a million people still await access to basic housing, while close to 14 million poor black people still experience fragile access rights to land for residence and housing.

As a result of these failures, there is conflict and tension between people competing for employment and incomes, and xenophobia has unfortunately become a reality of South African life. Recent killings of foreign nationals by South Africans have not received vigorous attention by the South African government, reflecting a disturbing trend by officials to tacitly accept such activity directed to foreigners. Lack of adequate recognition of the rights of foreign nationals is one of the biggest failings of the present government.

Unfortunately, this report must conclude that, while rights and policies supporting the commitments of the WSSD exist on paper, they have yet to reach the poor and vulnerable people in rural areas and urban ghettos. Old inequalities and centres of poverty remain. Many of the people on the margins of society are women—rural, poor, and sometimes foreign.

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