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Transition to Freehold in the Reserves

by

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I. INTRODUCTION

As in most traditional areas of Africa, a "communal" type of land tenure is prevalent in the black reserve areas of South Africa, which constitute some 14% of the area of the country. Over the past century, white agriculture, on farms whose average size exceeds that of the United States, and with ever higher degrees of capitalization, has steadily raised output, so that South Africa is a net food exporter; meanwhile black reserve agriculture, practised on smallholdings with low input levels, has stagnated, so that the greater part of the food consumed in these areas is purchased from traders who in turn purchase maize and other products originating ultimately from white-owned farms.

Perceiving "communal" tenure as a blockage on output, several influential writers have called for privatization of land
ownership. [3] Privatization, it is argued, would simultaneously "internalize" the externalities associated with grazing on the commons, and would enable arable land resources to move efficiently to their most productive uses.

Other writers,[4] while conceding this analysis based on allocative efficiency, argue that the reserves are basically a security system, and that the productivity gains associated with privatization have to be weighed against the adverse distributional consequences of such a move, and the loss of subsistence, in the long term, by families who part with their land.

This is a hotly contested issue in South Africa. Ciskei and KwaNdebele, who have recently gained their nominal independence from South Africa, are introducing freehold. Transkei and Kwazulu are not doing so, mainly for fear it would undermine the security of rural dwellers (cf. Southey, 1982; Buthelezi Commission 1:180). These fears have some basis in fact. Cohen (1978) quotes evidence suggesting that individualization of land tenure in Zaria, Nigeria, tended to increase income inequality and threaten social stability. Myrdal (1968) provides a striking illustration of how disaster can follow in the wake of tenure change. Before the British arrived in Burma, sales of land were unknown in the country. Land could be pledged for a loan, but by ancient custom the land could always be recovered on eventual repayment of the loan. The British courts ignored the custom, and land that had been assumed pledged was in fact transferred irrevocably to the moneylenders. By 1947, one-third of the land was in the hands
of non-farmers, many of them being Indian moneylenders.

This paper attempts to evaluate these arguments. For reasons of space it concentrates on tenure of arable land, the important and complex issues of grazing land being omitted. Geographically the paper focuses on what will be termed the Eastern Seaboard (ES): KwaZulu, Transkei and Ciskei, since these areas have a common history and share many cultural characteristics. It omits consideration of the "Coloured" reserves of Namaqualand, where stiff resistance to enclosures and the introduction of freehold was encountered by government officials in the mid-1970s (Sharp, 1984).

The plan of the paper is as follows. Part II deals with the historical background to the ES system of land tenure. Part III examines the composition of rural incomes. Part IV considers the economic effects, and Part V the social effects, of the introduction of freehold. Part VI concludes.

II. HISTORICAL BACKGROUND

In African society before interaction with white settlers began, land was in relative abundance, most being used as commonage for cattle-grazing, and the rest for homesteads and cultivation of maize and sorghum. Homestead and arable land was allocated to young men on their marriage. Nevertheless a widow was able to inherit the land of her husband, and in turn pass it on to her youngest son - her elder sons having already set up homesteads elsewhere. This system is regularly referred to as "communal" land tenure, even though inheritance rights were recognized. It was "communal" in three senses. First, each married man had a right to be awarded enough building and
arable land for his family's needs. It will be seen that, as time passed, land scarcity has tended to erode this right. Second, land ownership was not transferable *inter vivos* - even though land usage was transferable in the form of the common practice of sharecropping. Third, cattle were privately owned but grazed on the commonage.

After the conquest by the settlers during the course of the nineteenth century, this system was retained in most parts of ES. In some areas, changes were introduced along the lines of the landholding patterns of Europe, with the intention of creating a prosperous class of peasant farmers. The earliest experiments in converting "communal" land into freehold began with the settlement of the "loyal" Mfengu on freehold land in British Kaffraria (now Eastern Cape) in the 1840s. These experiments extended only to a small part of the total ES area.

Far-reaching changes were to follow the mushrooming of the mining industries in the 1860s. Demand for unskilled labour rose, but it was not thought fit by the colonists to permit wages to rise to attract it. Cecil John Rhodes, as Prime Minister of the Cape Colony, brought in the Glen Grey Act in 1894 facilitating the introduction of individual land tenure. With the enforcement of primogeniture and the exclusion of subdivision of holdings, it was hoped that, in time, more people would be driven onto the labour market. It was hoped, furthermore, that this form of limited individual tenure would induce farmers to enter the commercial economy by selling their produce.
In practice those villages in which the majority opposed the land survey, which had to precede the changeover, retained the older form of "communal" tenure. In the villages which accepted the survey and the changeover, married men were granted arable plots of 5 morgen (4.3 ha) and a building site under "quitrent" tenure, together with commonage grazing rights. Over the next four decades, the system was extended, patchwork fashion, through all the magisterial districts of Ciskei, seven western districts of Transkei, and two districts of Natal. In 1969 two more Transkei districts were converted to "quitrent" tenure.

It is necessary to define what is meant by the terms "communal" and "quitrent". The "communal" system retained most of the features of the precolonial system, but came under increasing state regulation. Allotment holders received a document of occupation; they were entitled to 4-5 morgen (3.44-4.3 ha) of arable, though in practice many plots were smaller; men were entitled to one lot only; transfer was permitted only with the prior written consent of the Native Commissioner; the rights were not inheritable, but widows and heirs had first claim to re-allotment if the Native Commissioner was satisfied that they needed the land. Land was subject to forfeiture (i) on default of payment of local tax (ii) in the case of absenteeism (defined as absence of the whole family, not merely absence of the breadwinner, who was therefore free to migrate) (iii) on "non-beneficial" occupation, i.e. non-use of the land, and (iv) on conviction for stock theft. Mortgaging and pledging were forbidden.
"Quitrent" tenure was characterized by: a maximum holding of one lot of 5 morgen (4.3 ha); controlled subdivision, which presumably means no subdivision except in special circumstances; inheritance by primogeniture; payment of an annual quitrent (in Ciskei this was fixed in 1931 at 1 pound, later R2, and has remained there for half a century); one man one lot; sales subject to approval by the Bantu Affairs Commissioner; and forfeiture for absenteeism, non-beneficial occupation or conviction of certain crimes. Quitrent land could not be mortgaged.

Thus "communal" and "quitrent" forms of tenure are rather similar. Their defining characteristic is that land can neither be accumulated nor mortgaged. Some differences are nevertheless observable. One social difference was that people under "communal" tenure were more dependent on their chiefs. Hence the struggle of the Pondoland chiefs against the introduction of "quitrent" tenure, which threatened their authority. Economically we would anticipate two main differences. First, we might expect greater productivity in the "quitrent" areas, because (a) the market in land in "quitrent" areas would enable less efficient farmers to sell to the more efficient; and (b) "quitrent" tenure might be better protected from the depredations of the chiefs, and hence induce higher investment levels. Second, in time there would be a process of decreasing size of family holding in the "communal" areas, and increasing out-migration and landlessness in the "quitrent" areas. From data assembled by Knight and Lenta (1980), it appears that the de facto reserve population
increased by 230% in the period 1918-1974, so the increasing numbers had to be accommodated somehow.

Observed differences, however, are not marked. It is true that under "communal" tenure, the natural increase of population was partly accommodated by granting new arable allotments on previous grazing land; but even though this was not allowed under "quitrent" tenure, people squatted on grazing land illegally as population grew. New allotments (in "communal" areas) and new squatting land (in "quitrent" areas) probably became progressively more marginal, i.e. less fertile and more hilly. Furthermore, landlessness increased irrespective of tenure form. For instance, de Wet and McAllister (1983) point out that in one "communal" area, Chatha in the Ciskei, average holding size fell from over 2 morgen (1.72 ha) to 0.5 morgen (0.43 ha), while landlessness increased from 10% of all families to 43%, in the period 1946-1981.

In 1930-1932 the Native Economic Commission made inquiries to ascertain whether farming methods were superior in the "quitrent" areas. Its finding was that very little difference could be observed, and that the net economic effect was that the Africans had paid out a large sum of money in survey fees while productivity had barely risen (p. 23). Similarly, the careful study by Mills and Wilson (1952) in Keiskammahoek found no significant difference in productivity between "communal" and "quitrent" land. The hopes of the colonialists that individual enture would improve productivity had evidently failed. This was due, partly, to the thinness of the market. The vast majority of land transfers were from owner to heir, or
were reallocations of land to new owners once the previous owner had absconded. As to security of tenure, one may only guess that smallholders in unsurveyed areas were not significantly more insecure than "quitrent" smallholders.

The Tomlinson Commission of 1955, which was appointed to make recommendations to the government on the socio-economic development of the "Bantu areas", calculated average yields on African farms as 2,9 200-lb bags of maize per hectare, and those on white-owned farms as 8,1 bags. Given the small size of black farms, most families were unable to provide for their subsistence needs, and this necessitated migration. Hence only a small percentage of African men were full-time farmers.

The Commission, believing that economic development would best be achieved by the establishment of a full-time farmer class, deduced two policy conclusions. First, there had to be a process of settlement on "economic farm units" held under title deed to provide a minimum farm income of 60 pounds per annum, in order to provide for a family's needs. Given the then current standards of productivity, the farmer would have to have 44,7 ha, of which most would be grazing land to be shared in common. But then the reserves as limited by the 1913 and 1936 legislation would support only 307000 full-time farming families, about 51% of the 1951 rural population. Second, there would have to be massive capital outlays in and near the reserves, to provide the "surplus" 49% of the population with employment.

Predictably the government balked at the economic costs of
such an enterprise. Some efforts were made during the 1960s, using an unsubtle combination of promises and threats, euphemistically termed "rehabilitation", to rationalize holdings in some parts of the Transkei and Ciskei into larger farms which would permit some cash-cropping. However, the creation of an African peasantry was not seriously attempted, and spending on employment creation around the reserves was not undertaken on the scale of Tomlinson's recommendations.

III. RURAL INCOME COMPOSITION

Valuations of rural incomes are subject to a wide margin of error. Nevertheless, some interesting points emerge from Table 1 which summarizes the findings of seven studies.

First, for the average rural family, the cash component of income is much more important than farming. The largest component of household income is migrants' remittances. Other large components of incomes are pensions, and cash incomes from informal sector activities and local jobs. A picture emerges of a rural economy largely dependent on transfer payments and the sale of its labour through migration. Second, cash incomes from sale of livestock and produce are negligible, amounting to less than 5% of all cash income in most areas, the Amatola Basin being an exception. This is not surprising, since the average family does not produce enough food for its own needs.
<table>
<thead>
<tr>
<th>Source and area</th>
<th>Remittances %</th>
<th>Pension + trans. payment %</th>
<th>Local enter. Jobs prises %</th>
<th>Sales: Cattle, Produce</th>
<th>Total Cash Income</th>
<th>Value of Subsistence Income</th>
<th>Total income = Cash + Subsistence Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bekker + de Wet (1982), Amatola Basin, Ciskei</td>
<td>33</td>
<td>26</td>
<td>26</td>
<td>15</td>
<td>n.a.</td>
<td>888</td>
<td>n.a.</td>
</tr>
<tr>
<td>Ardington (1984), Nkandla, KwaZulu</td>
<td>46</td>
<td>29</td>
<td>25</td>
<td>0(2)</td>
<td>952</td>
<td>n.a.</td>
<td>173</td>
</tr>
<tr>
<td>Gandar and Bromberger 1984 Mahlabatini, KwaZulu</td>
<td>59</td>
<td>24</td>
<td>7</td>
<td>6</td>
<td>n.a.</td>
<td>928</td>
<td>440</td>
</tr>
<tr>
<td>Southey (1982), all Transkei</td>
<td>34</td>
<td>8</td>
<td>57(3)</td>
<td>0(4)</td>
<td>n.a.</td>
<td>925</td>
<td>279</td>
</tr>
<tr>
<td>T. Moll (1984), Lower Roza, Qumbu, Transkei</td>
<td>36</td>
<td>19</td>
<td>28</td>
<td>17</td>
<td>0(5)</td>
<td>n.a.</td>
<td>1675</td>
</tr>
</tbody>
</table>

Notes: (1) The percentage breakdown refers to the mean cash income figure, with the exception of Ardington's, which refers to the median.
(2) The figure of 25% under "Local Jobs/Home Enterprises" includes a very small amount obtained from the sale of livestock and vegetables, but the breakdown was not available.
(3) Includes an imputed value for free housing, unlike the other estimates.
(4) The figure of R279 under "Value of Subsistence" includes a small amount obtained from the sale of livestock and produce, but the breakdown was not available.
(5) Due to a drought.
Third, the distribution of rural incomes is skewed, as is indicated by the difference between means and medians. Detailed breakdowns provided by these writers suggest that at the lower end of the income distribution are a significant number of families lacking access to remittances or pensions or both. Gandar and Bromberger (1984) point out that the poorest 20% of their KwaZulu sample obtained more than half of their income from crops and livestock.

Given the low levels of inputs typical of reserve agriculture, returns to maize farming are very low compared to formal sector jobs; in some cases, owing to soil depletion and poor rainfall, they are even lower than returns from unskilled rural informal sector jobs. For instance, Lenta (1981) calculates returns as follows. Average yields in KwaZulu in 1977 were at their highest-ever level of 5 bags/ha; at that time the maize price was some R9/bag; costs of ploughing, seeds and fertilizer were some R10/ha; so net returns were R35/ha. Cultivation of 1 ha required some 360 hours, leaving a return of R0.09 per hour — approximately 13% of the average African urban wage, which stood at R121/month in 1977.

Of course this is not the whole story because of the complementarity of agricultural activities: between periods of peak labour demand in maize farming, attention can be given to livestock and informal sector activities. Even so, the contrast between rural and urban incomes remains. The rural informal sector also has its attractions compared to cultivation. Women in Lower Roza can do half-a-day's weeding on state farms run by the Transkei Agricultural Corporation,
for R1 (T. Moll, 1984); participants in the state-financed Ciskei rural works programmes, mostly women, can earn R2 or more per day (Bekker and Hughes, 1984).

Migrancy among men is common in ES, and for certain age groups and areas is the norm. In T. Moll's (1984) sample, age-specific absentee rates for men were over 40% in the range 20-54 years, reaching 67% for the 25-34 age group. In Ardington's (1984) sample, only 21% of the men lived permanently in the area, and most of these were elderly. High urban manufacturing and mining wage rates, especially in "white" South Africa, ensure this outcome. In T. Moll's (1984) sample, male migrants earned a mean salary of approximately R258 per month, of which they remitted some 20% to the rural family. These remittances amount to 33% of total household incomes, which suggests that migrants are much better off than their families, as migrants retain an average of R196 per month, considerably more than the average rural family income of R152 which has to be shared by its several members. [7]

IV. EFFECTS OF THE INTRODUCTION OF FREEHOLD

Turning now to the arguments for privatization of arable land in ES, it appears that increases in output might be anticipated for four main reasons. First, it could be that the rigidity of the reserve land tenure system leads to a significant proportion of the available arable land lying unused; it could
be that the flexibility associated with freehold would ensure the full use of all arable, thus raising output.

Second, the fact that reserve land cannot be accumulated or transferred *inter vivos* prevents it from moving to more efficient users; the introduction of freehold would permit the development of a land market and over time land would get into the hands of "progressive" farmers, so raising output.

Third, land is ES is not saleable, which effectively prevents its use as collateral for credit; in any case the law prohibits mortgaging and pledging. This stifles investment, e.g. in fertilizers and land improvements. Freehold, so the argument runs, would issue in a credit market and output would rise.

Fourth, some argue that "communal" tenure is insecure. The owner may not designate an heir; his land may be expropriated unless it is "beneficially occupied"; and greedy chiefs may expropriate land in cases of political disaffection. If the state introduced freehold and directed its efforts to the enforcement of contracts, the greater security engendered would raise investment and output levels.

These arguments are addressed in turn.

1. Unused land

The table overleaf gives some idea of the under-use of arable in ES. The overall impression gained is that perhaps a fifth or
<table>
<thead>
<tr>
<th>Author</th>
<th>Area</th>
<th>Total Households leaving some land unused</th>
<th>%</th>
<th>Households leaving all land unused</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westcott (1977)</td>
<td>Three villages in Tsolo, Transkei</td>
<td></td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gandar and Bromberger (1984)</td>
<td>Mahlabatini District, KwaZulu</td>
<td></td>
<td>16</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Bromberger (1984)</td>
<td>Vulindlela, KwaZulu</td>
<td></td>
<td></td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Lenta (1981)</td>
<td>All KwaZulu, in the years 1965, 1972 and 1978/9, from departmental reports</td>
<td></td>
<td>20 to 30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
more of ES land goes unused. One of the explanations provided by Lenta (1981) respecting KwaZulu is a "land-labour disequilibrium": in 18% of his sample, the occupants were too old or infirm, or were widows acting as caretakers of land rights for their children. Lenta has some - rather anecdotal - evidence that landholders are unwilling to allow the use of land to anyone else, even temporarily, for fear of losing permanent usufruct. However, this is curious because there is nothing in the regulations pertaining to "communal" or "quitrent" tenure which prevents sharecropping (i.e. sharecropping is considered to be "beneficial occupation"). Mills and Wilson (1952) found that sharecropping was "established practice" in Keiskammahoek in 1948; similarly Shedick (1954) in Basutholand in 1947; Board (1964) in King Williamstown, Ciskei; the Swart Commission (1983), in Ciskei; Westcott (1977) in Transkei; and Bekker and de Wet (1982) in Ciskei. Ardington (1984) found no sharecropping in her KwaZulu sample. This may be partly explained by the fact that only one household in her sample had no land - whereas in Mkhobeni Village, in the Amatola Basin of Ciskei, half of the families had no land and were hence forced to sharecrop (Bekker and de Wet, 1982). Hence I would urge that further empirical work be done in KwaZulu before Lenta's (1981) hypothesis is accepted.

In any case there are other explanations for the "under-use" of land, some of which are suggested by Lenta (1981). They are listed seriatim.

1. Information, "friction": A family that intended to take more leisure would, under normal utility-maximization
assumptions, want to rent out or sharecrop its land. However, informational difficulties might prevent it from doing so at short notice; there are costs in terms of time and effort in making contracts to ensure full use of the land. So a certain percentage of the land may represent the agricultural equivalent of "frictional unemployment". This argument might not work with land that is left unused for long periods of say two years or three; but the studies available do not indicate the length of disuse.

2. Marginal land: The land may have deteriorated by erosion beyond the point where it was worth the family's while to work all of it, or it may have been incorrectly classified as arable. These points are recognized by Lenta (1981). Population pressure over the past century has probably led to the allocation of arable land which was increasingly marginal in terms of gradient, fertility, and accessibility.

3. Drought: Periodic droughts are experienced in ES, and the years 1982-4 were particularly bad. Possibly the figures of proportions of land cultivated given by Ardington (1984), Gandar and Bromberger (1984), and Bromberger (1984) are not representative. Of course this still leaves Lenta's (1981) figures unexplained.

4. Fallow: Sheddick (1954) noted that land was fallowed once every five years in Basutholand. Pressure on land may have all but eliminated the custom more recently in ES: this is an aspect for future inquiry. However, it would be surprising if there were no awareness of the increased yields following a
fallow year. Berry and Cline (1979) in their study of ldc agriculture show that in 1960, the ratio of cultivated area to total area of small farms varied from 0.33 (in land-abundant Brazil) to 0.998 (in Egypt). In South African white agriculture some 21% of cultivable land was left temporarily fallow in 1976 (Report on Agricultural and Pastoral Production 1976 Pt.1 p. 1).

5. Incentives: Incentives to engage in agriculture declined swiftly in the 1970s relative to those accruing to migration. Eckert (1980) points out that when migrant earnings rose in the 1970s, planted acreage in Lesotho dropped 38% to the lowest levels ever recorded. Families appear to take their increased remittance income in the form of leisure. This probably occurred in ES as well during the same period. Thus people are choosing not to invest their windfall income in foodgrain production. Although Collier and Lal (1980) found that migrant earnings in Kenya were an important factor in agricultural investment there, the income/leisure tradeoff of the Mosotho, and of ES smallholders, is clearly otherwise.

There are two ways of looking at the problem. (a) One might regard the under-use of arable as a temporary problem which will eventually be overcome as the informational difficulties (see above) sort themselves out and people start leasing out their land by rental or sharecropping arrangements. Or (b) one might take the view of Low (1984) that reserve food production, being done mainly by women, is best compared, not with a profit-making commercial enterprise but with household chores. A cash windfall in the former case can be expected to result in
further investment and output; in the latter case, in the substitution of cash for leisure.

The issue under discussion here is whether a market in land ownership would raise the proportion of land sown to crops. On the face of it, it would not, if (b) above is the case, since sharecropping and rental appear to have made little dent on the extent of under-use; some, like Lenta (1981), suspect that this is a sector with low returns on capital compared to other sectors.

On the other hand, markets in ownership and in use operate differently. Due to poor transport and communication facilities, land in ES is likely to be rented only to people who reside in the very near vicinity, thus severely restricting the number of people available to rent in land. (This is probably why there were three widows in Westcott's (1977) sample who were looking for people to sharecrop their land but could find no takers). Whereas if a market in land ownership were opened up, people could move from faraway areas, purchase land, and settle on it. Now land ownership markets are typically slow-moving, and less flexible in the short term than land use markets. However, because of the limitation described above, they may be more effective in the long term in taking up the slack in cultivated area. Even if it is not more effective, the mere addition of an extra element of flexibility in the form of a land ownership market should, prima facie, enable resources to move more swiftly to their best uses.

To sum up. It appears that the under-utilization of arable
land in ES has a number of important causes; the tenure system cannot be blamed for any large share of it. However, modest increases in usage might be observed in the long term if freehold were introduced.

**ii. Transfer to more efficient users**

The argument that freehold would raise output by permitting land to be transferred to more efficient users over time, is urged by, among others, the Swart Commission (1983). In addition, opening up the land market would permit the entrance of novice farmers who may have built up financial and human capital in the urban areas. (In this regard a comparison might well be made with the relatively poor economic performance of the ejido areas of Mexico, where land tenure regulations forbid transfer and mortgaging of land (see Isbister, 1983/4), but space does not permit). A superficial comparison of yields on white-owned freehold farmland and "communal" farmland appears to bear out this view. Some figures are given overleaf.

From Table 3 it emerges that maize yields per hectare in white agriculture steadily increased over the period 1945/6-1976. The data on African yields reveal gross inconsistencies due to different systems of measurement and variable climatic conditions. Nevertheless two points are obvious: yields are much lower in black areas, and they show no clear trend during the period under review.[8]

_A priori_ several direct and indirect influences on yields can be identified. Among the direct factors are fertilizers and irrigation: increased use of either leads to immediate
Table 3. Estimates of Average Maize Yields on White-Owned and African-Owned Farms, Various dates

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Av. Maize Yield, White-owned farms (kg/ha)</th>
<th>Source</th>
<th>Year</th>
<th>Av. Maize Yield, African-owned farms (kg/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)</td>
<td>1951</td>
<td>730</td>
<td>(1)</td>
<td>1948-50</td>
<td>352</td>
</tr>
<tr>
<td></td>
<td>1945/6-49/50</td>
<td>687</td>
<td>(2)</td>
<td>1951</td>
<td>258</td>
</tr>
<tr>
<td></td>
<td>1950/1-54/55</td>
<td>821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1955/6-59/60</td>
<td>916</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>1960/1-64/65</td>
<td>1080</td>
<td>(3)</td>
<td>1955/6-59/60</td>
<td>225</td>
</tr>
<tr>
<td></td>
<td>1965/6-69/70</td>
<td>1211</td>
<td></td>
<td>1960/1-64/5</td>
<td>194</td>
</tr>
<tr>
<td></td>
<td>1970/1</td>
<td>1587</td>
<td></td>
<td>1965/6-69/70</td>
<td>221</td>
</tr>
<tr>
<td>(4)</td>
<td>1976</td>
<td>1706</td>
<td>(5)</td>
<td>1977</td>
<td>450</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(6)</td>
<td>1982</td>
<td>405</td>
</tr>
</tbody>
</table>

Sources and Notes

(Conversion from bags/ha was done assuming that one bag weighs 90 kg.)

(1) Houghton and Walton (1952), Keiskammahoek, Ciskei; an average for a year of drought 1948/9 and a year of good rains 1949/50.

(2) Tomlinson Summary. The figure for African farms is the average figure for all reserves. It may be underestimated by some 30% due to failure to include consumption of maize while green (Lipton, 1977).

(3) Houghton (1971: Table 11, p. 281), using figures supplied by the Departments of Agriculture and of Bantu Administration and Development. The African figures may be underestimates, see (2).


(5) Lenta (1981), KwaZulu average. This was KwaZulu's best ever yield and should not be taken as representative.

(6) Ardington (1984), Nkandla district, KwaZulu.
increases in yields. Price incentives raise yields because if price rises, it becomes worth the farmer's while to increase his inputs. The adoption of HYVs raises yields directly; research investment on developing new varieties suited to local ecological conditions contributes to the profitability of HYV adoption in the long term.

Antle (1983) has stressed the powerful, though indirect, effect of spending on infrastructure (proxied by transport and communications) on agricultural growth. Mechanization, aided by credit, can affect yields both directly and indirectly. It raises yields directly by permitting greater timeliness in ploughing and planting, and by permitting greater accuracy in spacing of seeds. If cheap credit is available, mechanization can proceed faster, cutting labour and supervision costs; profits are increased, releasing more funds for investment in, among other things, land improvement and irrigation, both of which raise yields directly. Two further indirect factors are education and the availability of marketing channels. Studies in other ldc's show that education influences productivity, particularly when it is given in a "modernizing" context. In the absence of reliable marketing channels, incentives to apply fertilizer and invest in irrigation, etc., are reduced. Well-organized marketing procedures can reduce risk and indirectly raise yields in the long term.

These factors can explain, in large part, the relatively stagnant yields of African agriculture. As far as the direct factors are concerned, blacks have been excluded from the operation of the agricultural marketing boards since their
inception in 1937 (Wilson, 1963; van der Horst, 1971:308; cf. Tomlinson Summary, p. 86). Thus they could not take advantage of the high subsidized prices the boards were offering for the produce of white farmers. (Since Union in 1910 these prices have been above world levels (Frankel, 1938:122; Rees, 1979)). Africans were also excluded from fertilizer subsidies. Enormous sums of money went into damming the Orange and the Vaal, making irrigation relatively cheap for the white farmers in those areas. Some 10.9% of the cultivated area of white-owned farms was under irrigation in 1976 (Report on Agricultural and Pastoral Production 1976 Pt. 1, p. 1). The equivalent figure in the reserves in the 1970s was 2.7% (Lipton, 1977). Since some chemical fertilizers and HYVs raise yields significantly only if accompanied by irrigation (Nicholson, 1983/4:580f), the poor irrigation facilities in the reserves were an added handicap on new technology adoption.

The indirect factors tell a similar story. Mechanization has proceeded faster on white-owned farms, speeding up in the 1970s (de Klerk, 1984). Part of the reason was the relative ease of obtaining credit, and the fact that the Land Bank's rates of interest were often one-third lower than commercial rates - leading to high levels of indebtedness (F. Wilson, 1971; Frankel, 1938:121). Education spending on blacks has historically been pitifully low compared with that on whites, and has probably had its effect in creating a skill differential in agriculture. As remarked earlier, the marketing boards were set up with the objective of responding to the needs of white agriculture; blacks did not have the same
access to reliable marketing outlets. A brief look at a map showing the country's railway lines and distribution of telephones makes the point about infrastructural spending abundantly clear. Furthermore, the rates structure of the railways was devised in such a way as to subsidize agriculture, and especially export products, by means of artificially low transport charges (Frankel, 1938:122); thus blacks were excluded from these benefits as well.

Therefore it does not seem clear that tenurial change without greatly increased state expenditures in the reserves would result in a significant increase in output. Otherwise we would have to ask why we do not already observe (black) capitalist farmers managing high-input high-output operations in the reserves, by renting or more likely sharecropping the land of smallholders. Then the next question would be whether putting such large investments into a new capitalist class would be socially optimal, from the point of view of a "homeland" government. The money may better be spent on improving rural services, creating urban employment, or on marketing and delivery systems for existing smallholders.

Two further arguments prevent us from regarding the tenure system as an important constraint on growth. These concern (a) the land market and (b) potential ineffectiveness of land registration.

(a) The land market: The land market is likely to be so sluggish that the concentration necessary for large-scale capitalist farming would take decades.
If a factor market is characterized by costless transfer, perfect information, a large number of buyers and sellers, homogeneity and divisibility, i.e. if the market is perfectly competitive, then we would expect the factors to move instantaneously to their most productive use. Land markets are far from being perfectly competitive: (i) Land is heterogeneous in terms of quality and the uses to which it can best be put; otherwise stated, information is costly. (ii) Land is immovable, entailing transport costs or management hiring costs (with consequent problems of monitoring) for faraway purchasers. This restricts the number of potential purchasers. (iii) Transfer costs are high relative to those in the market for, say, stocks, or machinery, as surveying may have to be done and a search conducted of the land register. Thus land markets can be expected to be sluggish.

Evidence from developed and less developed countries confirms this hypothesis. Some 3% of the total number of farms in the USA are sold each year (Healy and Short, 1981:85). About 1-1,5% of Britain's farmland area is sold each year (Northfield Inquiry, p. 67); in Ireland, the area sold is only 0,5% (Kelly, 1982:58). Similarly in Kenya the area sold per annum is about 0,5% (Collier, 1985:103). In "white" South Africa the area passing through the market annually is 1,5% among whites, 0,9% among Indians, and virtually none among coloureds (Census of Agricultural and Pastoral Production, 1978,p. 15).[11]
In the first half of the twentieth century in Pisticci in South Italy, 36% of all land was acquired by gift and marriage contract, 23% by inheritance and only 21% by purchase (Davis, 1973). Bardhan (1984), commenting on the Indian situation, notes that the market for land ownership is characterized by sluggishness; only extreme distress can elicit sales. This, he argues, is because land prices do not fully compensate for the high risks in parting with this secure asset as evaluated by the farmer; furthermore, in the absence of integrated financial markets, the transaction costs of investing the proceeds of the sale in alternative ventures are prohibitively high (p. 95).

Taking just these few instances, it seems a reasonable hypothesis that the degree of commercialization of agricultural output is related to the level of activity in the land market. Thus the American land market is the most active in this small sample, while in the deprived South African coloured community a land market hardly exists. One may surmise, then, that freehold in ES would do very little to get land resources moving - unless, perhaps, white commercial farmers were permitted entry.[12]

A pointer as to what the effect of freehold would be in ES is given by the recent experience of the "quitrent" areas. An examination, in the Umtata deeds office, of land transfers in the Nqamakwe and Lady Frere (Cacadu) districts, 1977-1982, revealed that, of all land transactions, 25% and 1% went through the market in these districts respectively. Records are so poorly kept that it is impossible to say what proportion of the land passes through the market annually. It does
appear, however, that in extremely poor areas like Lady Frere there is virtually no market in land, as might have been anticipated when comparing levels of commercialization and land markets in other countries (see above).

Prices of land in the Transkei samples were low, with a range of R190 to R700, and a median of R430, for plots of approximately 3,5 ha. Transfer costs were high, being approximately R1 to the government plus "gifts" to the headman or chief or both. These gifts, better termed bribes, are all illegal but are said to accompany every transaction in which chiefs and headmen have a say, both in transfers of land in "quitrent" areas and in land allocations in unsurveyed areas. One example of a bribe paid for a building plot (about 1/8 ha) one Paine's Farm some 10km from Umtata: R85, plus five bottles brandy, 4 6-packs beer, some potatoes, sugar, tea, bread and a chicken. One may only guess at what land values in an unconstrained market would be, but it is entirely possible that the bribes exacted by the chiefs are a good proportion of, or even greater than, competitive land prices.

It might be, then, that the removal of the chieftainship system and granting of freehold would reduce transfer costs and give a fillip to the market and to land productivity.

On the other hand, initial transfer costs in freehold are very high indeed, often amounting to R700 for private survey of a 4 ha plot. Transkeians are now allowed to have their land surveyed and to obtain title if they want it, but the prohibitive costs involved have prevented more than a handful
from obtaining title, outside of traders for whom it is an essential investment. [14] So the issues are twofold: Should the government subsidize the survey? and Can cheaper methods of survey be found?

As to the first question, the economic gains are likely to be small, while (see below) the social gains could be large - which is the basis of an argument for subsidization. In addition, the original surveys in the "quitrent" areas were done thoroughly enough, but it is the permanent state of chaos in the Transkei government that deprives them of credence in the eyes of commercial bankers and mortgagers - which is another argument for state subsidization of survey costs.

As to cheaper methods of survey (after which free marketeers hanker) it could be that the present chain measure system in the unsurveyed areas is adequate. Each Certificate of Occupation lists measurements of the plot which are accurate enough for most purposes. Litigation sometimes occurs but cannot be regarded as an important problem. [15] This procedure would entail nothing more than the establishment of a better-organized registry office replete with computers, and a simple declaration that all ES land is henceforth to be treated as freehold. The problem is that the social and political system will not allow for this at present, as we shall see below.

(b) Potential ineffectiveness of land registration: Land registration is not a sufficient condition for the development of a land market. The land registration which was introduced
in the Lilongwe Development Area in Malawi did not give rise to a land market. In Lesotho, a system of leasehold was introduced in 1979 in order to provide smallholders with greater security of tenure, and to permit the beginnings of a land market. By 1984 only half a dozen applications for conversion to leasehold had been received. [16] Given the declining contribution of agricultural earnings to total earnings in the South African reserves, as shown above, it would not be surprising if freehold failed to bring about the land market which neoclassical theory predicts.

From this point on the reasoning employed is necessarily speculative. I shall list seriatim some of the forces which may affect the level of activity of the land market in ES and the degree of concentration which might result.

1. The market starts off from a position of disequilibrium. Therefore it could be that the amount of land put on the market per unit of time would at first be higher than the equivalent amounts in India, Kenya and Europe.

2. Some land is of low agricultural value. For instance, the steep inclines (1 in 2,5) in Nkandla prevented tractors from being used (Ardington, 1984). Five out of thirteen villages studied in the Amatola Basin were totally inaccessible to tractors (Bekker and de Wet, 1982). Much land might not be worth its transfer costs as these stand at present. High transfer costs would ensure land market stagnation, and so the Ciskei government is considering draft legislation to replace the exacting South African deeds registration system, and make
transfer virtually costless (Ciskei Reforms, p. 1.) Note that Jones (1965) had made similar recommendations for simplification two decades ago.

3. Reservation demand for land could be high; even if much of the land remains unused for long periods of time. This is because (i) agriculture is of crucial importance to survival for people at the lower end of the income distribution, as Gandar and Bromberger (1984) have pointed out; (ii) for a large proportion of the rest of the families, agriculture contributes a not inconsiderable part of their total income; and (iii) women probably cultivate land in case remittances are late or are discontinued (Westcott, 1977; Lenta, 1981), and would be unwilling to part with this form of security.

4. Other factors would tend to raise the supply of land. (i) Men are separated from their families for most of their working lives. Some might unscrupulously sell their arable and grazing rights over the heads of their wives. This depends on the bargaining position of the marriage partners, and on cultural practices. (ii) There could be some coercion applied by chiefs bought over by promises of gain - one thinks of the chiefs who have persuaded their people to move "voluntarily" out of so-called black spots. (iii) Distress sales of land rights might occur if people have to meet short-term cash constraints. Doubtless a benefit in the short term, the ability to alienate land could lead to harmful loss of security in the long term. (iv) Larger farmers would probably be better placed to obtain credit to purchase land; concentration of land is the most likely outcome. (v) The frequency of sales might
rise significantly if influx control and prohibitions on black ownership of housing in "white" South Africa were removed, so that families were able to join their migrant members in the cities.

To sum up. Granting freehold or its moral equivalent might accelerate the exchange of rural land by reducing transfer costs, but is unlikely to have much economic impact because of the sluggishness which characterizes LDC land markets. This picture of stagnation may change if influx control and other restrictions upon black urbanization were lifted. It is naive to label ES land tenure as the major limitation on productivity growth in light of the past century of racial discrimination in state spending.

iii. Credit

The argument that freehold would enable rural people to use their land as collateral for credit is by no means a simple one in the Southern African context. It is true that, in east Asian countries, informal credit markets, operated by village moneylenders are active among large farmers and small. Land is a convenient form of collateral in these markets because its ownership is easily established, and the social system sanctions repossession in the case of default. The high value of land relative to other assets of the peasant household provides a strong disincentive to default. The question arises whether it is the land tenure system that has closed down the credit market in ES.

On the whole it appears that the tenure system is not a major
constraint under present conditions, because other assets can perform the collateral function— but by and large are not doing so. Livestock is used to secure smallholder loans from the Swazi development bank (Mercey, 1983). Swazi cotton gins have used the standing crops of smallholders as their only security on loans offered them—and have managed to contain defaults to reasonable levels (Mercey, 1983). Collier (1983) observes that, in Kenya, peasant marketing cooperatives offer loans using future crops as collateral. Personal reputation and connections are a form of collateral; Ardington (1984) notes that most families in her KwaZulu sample ran up small debts with the local trader—a very common experience throughout ES. Callear (1982) reports the existence of a fairly successful group credit scheme run by Silveira House in a "communal" area of Zimbabwe, where high repayment rates were guaranteed ultimately by group pressure and reputation.

In the case of the Swazi development bank cited above, Mercey argues that the decisive factor in the smallholder's reasonable repayment record was, not the threat of repossession of cattle—for this was rarely done—but the bank's intimate knowledge of the ability and willingness of each individual smallholder to repay.

In Kenya and elsewhere, migrant wages perform the collateral function efficiently (Collier and Lal, 1980). One may well ask why the same practice is not common in South Africa, seeing that migrant earnings are greater than agricultural earnings, and so many families have migrant members. It might be argued that, given the failure of migrant earnings to raise credit for
smallholders in ES, collateral in the form of land might have failed to do so too. It seems that the major cause of the absence of a flourishing credit market should be sought in the general stagnation apparent in the rural areas of ES, rather than in the truncated land market. Perhaps the general lack of agricultural incentives, as dealt with above, is the fundamental reason.\[17\]

On the other hand, land is by far the most important collateral instrument in developed agricultures, and in particular in "white" South Africa. If a land market had permitted the emergence of a large farm sector in ES over the decades, more farms would have become eligible for loans on commercial terms. It can be argued that over a long period of years the possession of freehold could help expand the operations of commercial credit markets.

So much for the likely output effects of credit. Consideration is needed of the long-term distributional effects. Colonial officials working on African land law in the 1950s in Kenya and in the 1930s in South Africa (Native Economic Commission) were haunted by the spectre of the debt-ridden peasantry of India. Their fears were precisely those that might arise from the Myrdal quotation in the introduction to this paper. In particular the South African officials were concerned lest the experience of the 1850-1890 period be repeated, when most blacks who had been granted freehold in the Eastern Cape had lost their land in "distress sales", apparently to repay debts.
It is doubtful, however, whether these fears are justified in the present day. The situation in Kenya today, as I have pointed out, is one of a stagnating rather than swiftly moving land market. Potential creditors in East Africa are wary of granting excessive amounts of credit due to the difficulties involved in repossessing land in the event of default. Unlike in India, cultural attitudes do not provide creditors with the legitimacy they need to act in this fashion (cf. Collier, 1983).

Hence fears that land and credit markets would create an oppressed rural underclass perpetually in debt to moneylenders seem unwarranted. High human fertility combined with slow rates of economic growth - both arising, in part, from general neglect and discrimination under apartheid - have in any case been creating a rural underclass which is indebted to relatives and local traders.

To sum up. The absence of a land market probably has little to do with the low levels of credit use observed in ES. More important is the general stagnation of ES agriculture and the absence of well-organized government efforts (like those in Swaziland, for example) to get credit to peasants. To the extent that land concentration has been prohibited, the absence of a land market probably has constrained the development of a commercial credit market, though by how much it is difficult to say. If a land market were to develop, the easier availability of credit may well do some good, and is most unlikely to result in massive indebtedness and poverty.
iv. Security of tenure

The security of tenure offered by freehold is potentially the strongest argument against "communal" forms of tenure; but there are so many imponderables involved that this argument ends up as little more than a theoretical presumption in favour of freehold. The following paragraphs attempt to grapple with some of the complexities.

Several famous commissions [18] alleged that reserve farmers lacked security of tenure. For instance, the Native Economic Commission noted that in some reserves farmers had a "reasonably secure right" to their plots, but that in other reserves numerous instances were quoted of "enlightened Natives, who, having made better use than the average of their plots, were on some pretext or other deprived of them" by "a grasping chief or headman" (p. 24). [19] An official investigation in Kwazulu (Kwazulu Government Service, 1975) concluded that "communal" tenure is insecure. I do not dispute the conclusion, but merely note that this report provides a classic example of how not to do research: most of the respondents to its questionnaire felt that tenure was not insecure, but the report - on theoretical grounds and without evidence - rejected this opinion and asserted the opposite.

Now it is far from clear to what extent insecurity of tenure might inhibit investment. The scale of risks involved, and the
impact of those risks upon economic activity, are unknown to us. People who work in the legal administration and development of Transkei, for instance, say that families are sometimes deprived of their land.[20] But Ardington (1984) notes that in Nkandla, KwaZulu, the growth of the education has led to the rise of the schoolteacher as one of the leaders of the community, while the chief is fast becoming a figurehead. The villagers in her sample suffered no apparent lack of security of tenure.

Nevertheless the threat of ejection by a powerful chief may be a strong inhibiting factor even if no-one in the community concerned has ever been ejected. The lack of legal provision for the chiefs to do this, and the fact that their decisions on land allocation are subject to change by the District Commissioners, mean nothing to virtual illiterates in faraway rural areas where the word of the chief is law. But where this is a true description of the plight of rural dwellers, freehold might well fail to improve matters. The state probably does have the wherewithal to enforce contracts in most of ES, but in some parts, like Msinga district in KwaZulu, where warlordism reigns, it does not.

One of the objectives of "quitrent" tenure was to provide security. The configuration of plot boundaries and owners at the time of survey was supposed to remain fixed indefinitely, thus relieving chiefs of their power to allocate land. That this policy had some success is indicated by Mills and Wilson (1952), who show that people on "quitrent" land in Keiskammahoek were less dependent on their chiefs than people
in "communal" areas. It is therefore curious that the Tomlinson Commission (1956) lumps both "quitrent" and "communal" tenures together as having "no security of tenure". This was apparently not because of what the chiefs might do in defiance of the law, but because of the legal provisions contained in the tenures themselves. Rebellion, liquor-dealing, stock theft, default in rent payments, and non-beneficial occupation - any of these might result in confiscation and hence, Tomlinson believed, investment was inhibited. In effect it was believed that "quitrent" tenure could not provide the incentives necessary for investment as long as it was being used as a tool for political control.

Yet Jones (1965) concludes from the paucity of litigation concerning title that "quitrent" did provide security of tenure, although he qualifies this opinion by saying that it is often not politic to enter into litigation.

In conclusion, it appears that freehold would protect rural dwellers from confiscation for rebellion and the like, and might give them some extra protection from arbitrary action by greedy chiefs. It is not certain that this would add significantly to their perceived sense of security; nor that this, in turn, would issue in higher levels of investment. One may only presume on theoretical grounds that it might have an impact - whose size we cannot determine. In some parts, freehold would have no impact because of the general environment of lawlessness, while in other parts it would have no impact because people already enjoy security under a benevolent, and weakened, chieftainship.
V. SOCIAL EFFECTS OF THE INTRODUCTION OF FREEHOLD

The very modest efficiency gains arising from freehold have to be weighed against the possible evil social consequences arising from social change and dislocation. Four important areas in which change could occur are: the authority of the chiefs, land-grabbing during the transition, the rights of men vs. women, and access to land for the poor.

i. The authority of the chiefs

In traditional African society, chiefs and headmen have considerable power, much of it arising from their right to allocate land to tribespeople. In the realm of South Africa's national politics, chiefs have played vastly different roles. On occasion they have stood by their people courageously when, for example, resisting the forced removals which are part and parcel of the grand apartheid plan. Others have habitually collaborated with Pretoria, whether for their own advantage or for fear that failure to do so would mean short shrift for the people in their care. When Chief Kaiser Matanzima sought self-governance, and finally (nominal) independence for the Transkei, he was forced to go to the trouble of securing a majority vote for his policy in the Transkei parliament. The elected members of parliament did not give it to him. It was only because the chiefs - who are hereditary and unelected, and are paid officials of the state - were made members of parliament that Matanzima obtained the necessary majority. To
this day the ruling group in Umtata has to hearken to the voice of the chiefs in economic and other affairs. It is because of their very vocal opposition that the central government finds it difficult to increase cattle taxes for revenue or conservation purposes. This mutual dependence of the traditional tenure system, the power of the chiefs and the power of the reserve governments is one of the more important reasons why the traditional tenure system has persisted for so long.

One advantage that the chiefs draw from the tenure system is the use of grazing land. Since this is held in common, the size of one’s herd of cattle is a measure of the subsidy one is effectively granted by the community in terms of grazing availability and depletion of the resource. Since the chiefs are better placed to obtain large herds, they obtain large subsidies too, and can be expected to resist privatization of the grazing resource. However, this is an extremely complex issue and must await serious treatment elsewhere.

More germane to our subject of arable land is that the chiefs’ power of allocation is a source of political patronage and economic privilege. Superficially, then, the chiefs can be expected to oppose the introduction of freehold. Historically this was the case. The de Vos report of 1922 stressed that Transkei chiefs resented “quitrent” tenure because it sapped their power. The report had considerable influence in undermining official confidence in the merits of individual tenure for Africans.
More recent evidence is contradictory. Carstens (1981) reports that representations from Fingoland to the Transkei Legislative Assembly voted against the introduction of freehold in their districts (p. 285). In Carstens' (1981) questionnaire, which was distributed to 101 Transkei tribal authorities, some three-quarters indicated that they favoured "communal" tenure over "individual" tenure, apparently because it was less complex and suited traditional customs. By implication, then, they would favour "communal" tenure over freehold.

However, Louw (1985) reports that during his work on the Swart Commission (1983), he approached a representative sample of Ciskei chiefs whom he found to be amenable to tenurial reform. Whether this reflects the lower level of chiefly vested interests in the "quitrent" system predominant in Ciskei, or differences in phrasing and presentation [21], it is impossible to say. On the basis of informal discussions held in Transkei in September 1985, my guess is that the chiefs would oppose the introduction of freehold.

What does seem fairly certain is that the introduction of freehold would tend to undermine the authority of the chiefs. The reader's ethical premises will determine whether this is thought to be a positive or a negative development. To the extent that those premises favour democratic choice, freehold could have positive consequences as it would facilitate the establishment of alternative structures of democratic representation in the countryside.

Strongarm methods would have to be used if the chiefs
resisted the confiscation of the last vestige of their feudal powers. Unrest and dislocation in the countryside could follow. The common people, who are most likely to be hurt in the ensuing conflicts, are precisely those whom the tenurial changes are intended to help.

ii. Land-grabbing during the transition

Tapson (1984) has expressed the fear that transition to freehold would lead to land-grabbing by the powerful. These fears are valid in respect of the subdivision of communal grazing land, should this be attempted, for the rural elite would want this land to be distributed according to herd size rather than according to arable holding size, whose distribution is much more equal. If the state were able to break the power of the rural elite, then privatization could be used as a means of bringing about greater equality in grazing resources. The benefits of equalization of grazing land would have to be weighed against the possibility of land-grabbing by the elite during the changeover. However, the complexities surrounding the administration of the commonage cannot be dealt with in detail here.

As far as arable land is concerned, there seems less ground for fear of land-grabbing because, officially speaking, all of it has already been registered. In the nineteen unsurveyed districts of Transkei and in most of Kwazulu this registration
might not mean much, as the boundaries are rather flexible and hence vulnerable to shady dealing by the rural elite. However, it does not seem that land-grabbing was an important problem when "quitrent" was first introduced in the late nineteenth century.

From the scant evidence available it seems unlikely that large-scale land-grabbing would occur in respect of arable land. It is possible, of course, that chiefs with well-oiled connections in the central governments of the reserves could use those; but then we must ask why they are not already using them to grab land - and if they are, whether the institution of freehold might not help arrest the process.

iii. Rights of men vs. women

A frequent complaint in the literature is that registration of landholdings redistributes resources from women to men. Presumably this is because under traditional tenure a widow was entitled to a land allocation; whereas under freehold her husband could name another heir, leaving her without security in the form of land. Furthermore, if the husband so chooses he might sell the land "over the heads" of his family. Both of these dangers exist in ES. Of course land in both "quitrent" and "communal" areas is already registered in the names of men; but the inalienability clauses offer some protection of women's rights.

The problem is compounded by the migratory labour system. Most men are away from their families for large parts of their working lives. Ties can loosen; remittances sometimes dry up;
the migrant may set up another family in the urban area. Granting freehold to such migrants could result in the virtual dispossession of rural families. Once again the extent of this danger can only be guessed at.

Remedies are available. When freehold is awarded, it could be registered in the name of the husband and the wife as a partnership. Alternatively, the husband could be required to obtain the written consent of his wife before being permitted to sell the land or name an heir. Effective though this may be in protecting women in more Westernized areas, this may mean nothing in areas where African patriarchy does not permit women so much as to eat in the presence of men. A third way out would be to grant dispossessed women and widows a state pension; however, this measure is subject to moral hazard as it might encourage families to sell up in order to obtain the pension.

iv. Access to land for the poor

Tapson (1984) and Southey (1982) have expressed the fear that freehold would deny the poor access to land: high and rising land prices combined with high costs of transfer would exclude the down-and-out, whereas the present system, despite its economic drawbacks, succeeds in giving guarantees of a little land to the down-and-out.

Consider the opposite view. The scale of bribes demanded, as we have seen above, may well be equivalent to competitive land prices. The poor would do well to be liberated from the endless payments of tribute that the headmen and chiefs
demand. Under a free market they might even have more access to land, because money is blind, whereas chiefs may deny access to land and eject families for any arbitrary reason.

The truth is probably somewhere between. The desire of urbanites for land for retirement and recreation could price the poor out of the market, as Collier and Lal (1980) noted was happening in Kenya. In theory, steeply graduated land taxes applied to urbanites should rectify the situation. However, these would be impossible to collect in ES because of the extreme inefficiency of government and because the government is controlled by urbanites who would look to their own interests first. On the other hand, if demand for rural land is high and increasing, we may surmise that the bribes demanded by chiefs would rise accordingly— and so freehold would not price the poor out of the market any more than the present arrangement does.

Speculation is all we are left with, until such time as a before-and-after study can be done in a region which undergoes transition to freehold. In the meantime, it would be unwise to recommend retention of the current system on the sole grounds that it provides access to land for the poor.

VI. CONCLUSION

This paper has attempted to assess the relative gains and
losses from the substitution of freehold tenure for the present forms of tenure in the Eastern Seaboard area of South Africa. It concentrated exclusively on arable land, omitting the complex issues relating to grazing on the commonage.

The paper began by describing the current forms of African land tenure and by outlining their history. Rural income composition was examined, and it was found that, on average, migrant remittances constitute the largest source of rural income, subsistence income included.

With this background in mind, an attempt was made to assess the effects of the introduction of freehold. Various authors have pointed out that some 20-30% of ES arable is unused each year, and some have put this down to the tenure system. However, this paper suggests different reasons (e.g. drought, fallow, marginal land); thus a change to freehold is unlikely to result in much higher rates of arable usage than at present.

Other authors have urged that output would increase if transfer to more efficient users were permitted. Now the available data do indicate that yields on large-scale farms in South Africa have increased significantly in the twentieth century, while yields in ES have stagnated at a much lower level. However, it does not automatically follow that the granting of freehold would result in the establishment of a high-input high-yield farming sector. Evidence is adduced showing that the yield differential is largely due to discrimination in government expenditure patterns and in price
incentives. Hence substantial investments by the state would be needed to get agriculture moving in ES; however, this might not be the socially optimal direction for government spending. In any case there is a counterfactual: a land market of sorts is permitted in the "quitrent" areas, but these are no more productive than the unsurveyed areas. Markets in land ownership in ldc's are characterized by sluggishness, and the "quitrent" areas of ES are no exception. However, if people were permitted to own more than one lot, productivity might rise — but these gains would be slow in coming because the proportion of land transferred per annum is likely to be less than 1%.

Other authors have urged that freehold would facilitate the emergence of a credit market. To the extent that freehold would permit the concentration of landholding, a commercial credit market would be its inevitable accompaniment. If a land market were to develop, the easier availability of credit might do some good, and is unlikely to cause massive indebtedness and poverty.

However, a land market is not a necessary condition for credit. The experience of other African countries has shown that there is a large range of assets which can perform the function of collateral, not the least being good financial sense of the part of the lending agency. The general stagnation in ES agriculture and the lack of use of migrant earnings as collateral suggest that a land market is not a sufficient condition for credit either.
Potentially the strongest argument for freehold is that it would end the alleged insecurity of "communal" tenure. It does seem that freehold would protect rural dwellers from confiscation from rebellion and the like, and might give them some extra protection from greedy chiefs. As to the degree of insecurity and its effect on investment, virtually no data is available, nor is it clear what data would show this. At most we are left with a theoretical presumption that freehold would provide extra incentives for investment.

Thus the efficiency impact of freehold in arable land would seem to be modest at best. Its social effects are also difficult to determine in advance, but one highly probable effect is the erosion of the security of rural women, unless careful steps are taken to prevent this. Land-grabbing would probably not be significantly increased at the time of the changeover. The chiefs may well oppose the changes; this could issue in political conflicts which could be severely damaging for the very people which the changeover is intended to help. It is uncertain whether freehold would deny the poor access to land, any more than the present system does. As far as welfare for the down-and-out is concerned, freehold might even serve them better, as it would free them from the necessity of bribery.

The upshot of this analysis is that, in the absence of heavy state spending, the output effects of a change in tenure would be negligible, and the social effects could well be both positive and negative: positive for poor people who want to get land without paying bribes, and negative for women whose
husbands sell the land over their heads. The policy implication is: do nothing, until the state is willing to expend considerable resources on raising agricultural productivity and "bailing out" landless families. After this, freehold should be introduced.

If influx control were swept away, as it surely will under majority rule, a more confident assessment might emerge. Families would then be able to join their migrant members in the cities, and possibly enjoy a larger share of migrant incomes. The frequency of land sales would probably be greater — perhaps far greater — than under the present apartheid regime. Since the bifurcation of interests between migrants and their families would have been partly eliminated, the social problem of insecurity associated with the sale of land would be lessened. In short, transfer and concentration of land may well proceed at a faster pace, with less social dislocation.

The factors which lead to the "do nothing" policy recommended above are in some sense specific to South Africa. Persistent discrimination against black producers has ensured that one cannot expect the same results from them as one might from white agriculture. Mere transfer and consolidation of farming units cannot be expected to produce incomes sufficient to compete with the urban wage for a long time to come. In addition, the political interests of South Africa's white rulers have coalesced with those of traditional African chiefs in such a way as to preserve traditional tenure in the reserves, which is functional to the system of oscillating
migration and influx control. Thus a cleavage in introduced between the interests of migrants and those of their families which could exacerbate poverty in the reserves if freehold were introduced.

Nevertheless, the analysis pursued in this paper may have policy implications for communal systems elsewhere. The high rates observed in ES are replicated in all the countries south of the Limpopo, and so it is especially in these countries that this analysis is relevant. Consider Lesotho. Absenteeism due to oscillating migration is of the same order as it is in ES. Most families do not produce enough grain for their own needs. The fields are worked mainly by women, with low levels of inputs and low yields. The agricultural scene is thus not unlike that in ES—probably not because of discrimination by the state on behalf of some favoured group, but because Lesotho's tax base is small. Hence it is unlikely that freehold could be seen as a panacea here either; modest productivity increases might be anticipated, but only in the long term.

In any case, such a move would have to reckon with stout resistance by the chiefs, for in Lesotho, too, the group interest of the chiefs helps maintain the "communal" tenure system. The lengthy periods of migration of Lesotho men may also result in loss of security for their families should land be privatized. A similar analysis might well be made in Swaziland, where a relatively heavily populated, low-productivity "communal" sector exists alongside a high-productivity sector composed of large farms owned by white
people. This analysis of communal tenure in ES may well be generalizable to the entire Southern African area from which labour is drawn by South African industry.
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1. I would like to thank John Knight, Francis Wilson, and Terence Moll for their advice. I remain responsible for all errors.

2. Doctoral candidate in economics at Oxford University

3. e.g. Rutman, 1969; Swart Commission of 1983 which was sponsored by the Ciskei government; Louw, 1985. Wood and Van Schoor, 1980, write "The main long term problem is the traditional system of land tenure. This causes the prevailing low level of production, which has frustrated any efforts to raise productivity. Within this constraint the main reason for lack of success is that the individual farming unit is too small to provide the farmer with a reasonable income..." (p. 16)

4. e.g. Southey, 1982; Cross, 1985; Tapson, 1984

5. Sources used for this section include: Beinart, 1982; Board, 1964; Bundy, 1979; Carstens, 1981; de Wet and McAllister, 1983; Eckert, 1980; Houghton, 1956; Houghton and Walton, 1952; Jones, 1965; Lenta, 1981; Lipton, 1977; Mills and Wilson, 1952; Sansom, 1974; Sheddick, 1954; Southey, 1982; the Tomlinson Commission (Vol. 6 Chapter 18); van der Horst, 1971; F. Wilson,
6. This figure includes the growth of cities in reserve areas, like Umlazi and Mdantsane, which eased land pressure in the reserves.

7. Cost of living differences between the urban and rural areas are uncertain. Commodities are often much more expensive in rural areas due to transport costs and monopoly power of traders. Housing in rural areas, however, is free, or practically so; urban housing carries at least a nominal fee and migrants' transport costs may be considerable.


9. Note the similar conclusion reached by de Wet (1985) with respect to Ciskei.

10. Sharecropping and capitalist agriculture may sound contradictory, but in fact some 1.5% of white-owned farms in South Africa are subject to sharecrop arrangements (Census of Agricultural and Pastoral Production, 1978, p.15.)

11. Relatively slow accumulation of landholdings via the land market must be distinguished from swift increases in landholding inequality via subdivision on inheritance; e.g. in Punjab the landholding Gini rose astonishingly from 0.38 in 1961 to 0.63 in 1971, mainly because of subdivision of farms under 2 ha in size (Nicholson, 1983/4).

12. But note that Wilson (1962) thought it "very doubtful" (p.4) that reserve land would pass to whites if freehold were granted.

13. Interviews with T.A. Moll, former Regional Magistrate of Transkei; Mr M.G.K. Moshoeshoe, Registrar-General of the Transkei; and his assistant, Mr M. Qina; in September 1985.


15. Interview, Mr T.A. Moll, September 1985

16. Land Act Policy Seminar, p. 8

17. Zimbabwean "communal" farmers produced half the country's record maize crop in 1985, apparently because of high guaranteed crop prices and the expansion of government credit (Frontline 5:8(August 1985), p. 35).

18. e.g. the Native Economic Commission (1930-1932), the Tomlinson Commission (1956), and the Buthelezi Commission (1982)

19. The land law of Lesotho seems to make for more insecurity than do those of ES, since it makes explicit provision for dispossession in the case of political opposition to the local
chief (Eckert, 1980). This is one of the reasons for the introduction of a new leasehold system which guarantees greater security (Land Act Policy Seminar, 1984).

20. Interviews with Mr T.A. Moll; and with Mr M.M.M. Swana, of Transkei Agricultural Corporation

21. Louw is chief executive of the Johannesburg-based Free Market Foundation, while Carstens at the time of writing was a student of administration at the University of Pretoria

22. Presently men in Transkei wishing to sell "quitrent" land are required to have a meeting with the family first. If there are no objections to the sale, the family goes with the headman to the District Commissioner, where sworn statements are taken and the land is sold.