



# SOUTH AFRICA – August 2018

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**WHY SOUTH AFRICA NEEDS LAND REFORM LEGISLATION ..... 1**

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## Why South Africa needs land reform legislation

The last thing South Africa needs as it takes on the racially charged issue of land re-distribution is for US president Donald Trump and assorted white supremacists to wade in with wildly distorted assertions. That, unfortunately, is what it got when Mr Trump tweeted last week that he had asked his secretary of state to look into “farm seizures and expropriations and the large scale killing of farmers”.

One immediate consequence was a slide in the value of the rand. Another was to further stir the racial tensions awakened by one of the most explosive legacies of apartheid: the unequal distribution of land.

According to an official audit, 72 per cent of farms and agricultural holdings in South Africa are owned by whites and 24 per cent by non-whites. Of the latter, just 4 per cent are black Africans, who make up more than three quarters of the population.

These figures are controversial and probably overstate the case. They do however reflect a broad reality born of an injustice which began in 1913 with the Natives Land Act. This stripped black Africans of almost all their land, a process of dispossession entrenched subsequently by apartheid. Since the end of white minority rule in 1994, the ruling African National Congress has had only marginal success addressing this iniquity on the basis of willing sellers and buyers.

Cyril Ramaphosa, South Africa’s president since the welcome deposition of Jacob Zuma in February, legitimately wants to accelerate the process. To do this he is seeking to alter the constitution to allow expropriation without compensation.

What he has proposed so far, however, is relatively modest. New measures could apply to “unused land, derelict buildings, purely speculative land holdings, or circumstances where occupiers have strong historical rights and title holders do not occupy or use their land”.

Mr Ramaphosa is no tub-thumping populist. Nor is he encouraging the violent seizure of white-owned farms as Robert Mugabe did in Zimbabwe.

To the contrary. If he has made adapting the existing land distribution programme a priority it is because it has become morally and politically untenable to do otherwise. By accelerating reforms, he may go some way towards taking the issue out of the hands of radicals such as the Economic Freedom Fighters of Julius Malema, who advocate a more violent reckoning. Doing nothing is to invite exactly the kind of upheaval Mr Trump claims erroneously is happening already.

If South Africa is to avoid repeating the destructive land seizures that ruined Zimbabwe’s economy, it must bring all sides on board and avoid undermining property rights and the investment environment. It will be a delicate balancing act.

Mr Ramaphosa needs to do enough to draw a line under the issue without provoking prolonged uncertainty. He must do so without threatening food security and in a way that maintains productivity.

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An estate tax or progressive tax on land value rather than on the buildings and assets on it might be more effective than outright expropriation.

As importantly, the government must inoculate the reforms against the crony capitalism that has given a bad name to black economic empowerment — affirmative action in business. There are legitimate concerns that expropriation will benefit ANC stalwarts rather than further the cause of social justice.

Mr Ramaphosa has a chance to go about this in a measured way. It is the alternatives that would spell disaster.

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