Reducing Poverty and Inequality through Redistributing Assets, Securing Rights, and Democratizing Decision-Making in Rural Areas¹

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1. Introduction

The purpose of the paper is to summarise briefly what is known about the contribution of land and tenure reform to the reduction of poverty and inequality, while reflecting on the current status of and challenges to such reforms, and on the possible role of democratized decision-making in advancing pro-poor land and tenure reform.

2. Asset redistribution in rural areas

In speaking about the redistribution of assets in rural areas, one is largely referring to land, i.e. redistributive land reform. Forests and water are also critical, but reassigning rights to forests can be regarded as a subset of land reform, and water reform (e.g. undertaking a pro-poor reassignment of water rights) is often understood as a corollary of land reform (e.g. van Koppen et al., 2009)

A well-known but still startling assessment of the importance of redistributive land reform to date, is that provided by Lipton in the opening of his seminal 2010 book (Land Reform in Developing Countries: Property Rights and Property Wrongs):

“In 1980, half the people in the developing world were dollar-poor; by 2005, it was a quarter…. Absolute poverty probably fell more in 1950 - 2005 than in 0 - 1950. How?... The sharp acceleration of poverty reduction is due in large part to … land reform.” (Lipton, 2010: 1).

And yet, to the extent one can summarise the current global situation, commitment to land reform is modest if not faltering. Has land reform lost its relevance? Has it lost its constituency because it has largely been accomplished?

In this section of the paper, I would like to reflect briefly on these questions, on the one hand at a general level, and on the other by making specific reference to Southern Africa, which provides a reasonably good and generalizable illustration of the issues at play. The conclusion first: appearances and attitudes aside, redistributive land reform remains unfinished business, and is likely to remain so for the foreseeable future.

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Arguably one reason commitment to land reform is faltering is because it is so often done poorly. Fortunately, the most common sort of poorly executed land reform is now largely a thing of the past, namely the large-scale collectivization experiments which were the staple of land reforms of many newly socialist countries in the 20th century. These reforms did make a positive contribution to equity, however they tended to aggravate rather than reduce poverty, among other reasons because where agriculture is concerned, worker collectives rarely perform. The irony was that collectives were introduced (and generally imposed) in the belief that large-scale farming was inherently more conducive to modern production methods, which in turn would enable agriculture to subsidize industrial development; instead, poorly performing collectives resulted in food shortages and in some cases famine. Lipton refers to this characteristic experience as “the terrible detour”, in the sense that the story began with highly unequal individual landholdings, and ended up with more productive and equitable landholdings, via the destructive and unnecessary detour of collectivization.

Why dwell on this now? The main reason is that, in different ways, contemporary governments’ strong predilection for large-scale, ‘modern’ farming, continues to lead to poorly executed land reforms. For instance, in the first two decades of Zimbabwe’s land reform from 1980, and the first six years or so of South Africa’s land reform from 1994, many commercial farms were handed over to groups of ‘beneficiaries’, who in effect were meant to continue the commercial farming operations of the previous owners (Moyo, 1995; Aliber and Mokoena, 2003). In South Africa, when the failure of these co-ops / collectives was eventually acknowledged, the policy was adjusted such that a single family could acquire an entire farm, revealing the reluctance of the South African government to tamper with large-scale commercial farming. This meant, in effect, that land reform was unable to contribute meaningfully to the reduction of either poverty or inequality, because farming remained capital-intensive, and because there could now only be very few beneficiaries (Aliber et al., 2013).

With the introduction of Fast-Track Land Reform around 2000, Zimbabwe embarked on a different route, mainly because of an urgent political need to address popular discontent. Contrary to the simplistic idea that under Fast-Track all of the land went to ‘cronies’, most in fact went to the rural and urban poor by means of subdividing large-scale commercial farms, which did indeed have the effect of reducing poverty and inequality (Moyo, 2011; Scoones et al., 2010).2 Where land is held in large land parcels, subdivision is the sine qua non for land reform to contribute to poverty reduction, a fact that sits uneasily with the above-mentioned predilection for large-scale commercial farming.3

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2 The negative sentiments towards Zimbabwe’s Fast-Track Land Reform are largely a function of the manner in which the land changed hands, an issue that goes beyond the scope of this paper. Another reason however is the supposed negative impact on aggregate agricultural production, both of staples and exports. However, in Zimbabwe’s case, it is very difficult to separate the influence of land reform as such on production, relative to other factors such as hyperinflation and general macroeconomic turmoil. FAO data show very clearly that while aggregate agricultural production fell post 2001, it has made a significant resurgence since the dollar became the de facto national currency in 2009.

3 The main alternative scenario is where the ownership rights of a landlord estate are reassigned to the landlord’s erstwhile tenants, sometimes referred to as ‘land-to-the-tiller’-style land reform (Bernstein, 2006). Here, there is subdivision in a technical/legal sense, but not in terms of splitting up the production unit; poverty reduction follows because small-scale farmers retain more of their surplus as opposed to having to share it with a relatively well-off landlord.
Perhaps the prevailing global ambivalence about land reform relates to the deeply ingrained worry that ‘small-scale farmers cannot feed the world’. This question has been elegantly addressed for example by Wiggins in respect of African agriculture, who states as follows:

“While many African countries have a disappointing record of growth, thirteen doubled or more their production in the twenty years from the early 1980s onwards. These include countries where the bulk of output comes from small farms — Burkina Faso, Ghana, Mali, Niger, etc. Countries that have, or had, notable large-farm sectors such as Namibia, South Africa and Zimbabwe are well down the growth ranking. This proves little about scale since other factors are so much more important for agricultural growth, but it does show that to have an agriculture dominated by small farms is no obstacle to growth, and quite rapid growth at that.” (Wiggins, 2009: 1)

For these and other reasons, redistributive land reform remains incomplete. This is the case in much of Latin America, in parts of Africa (especially South Africa and Namibia), and parts of Asia, notably India (see e.g. Trivedi et al., 2016). However, stating that land reform ‘is incomplete’ or represents ‘unfinished business’, arguably evokes the wrong image, namely that there is a desired quantum of land reform that needs doing, and our collective job is to get it done. By contrast, there are many situations where land inequalities are growing, thus the sense of a moving (retreating?) target. To be sure, one has to make careful distinctions; in industrialised and some industrialising economies, it may be perfectly fine for land inequalities to grow, because the changing nature of the economy makes such a change benign. For other countries, however, these trends are both real and problematic. Why are they happening? For one, the world is increasingly hostile towards small-scale farmers, in particular thanks to the twin phenomena of the ‘supermarket revolution’ and the globalisation of agricultural markets. This is aggravated by the fact that developed countries tend to subsidise their farmers and thereby have an unfair advantage in international trade relative to poorer countries, which happen to be dominated by smallholders. In the absence of significant countervailing measures that compensate for the ‘disadvantages of smallness’ vis-à-vis input and output marketing, land ownership will tend to become more concentrated, and the urgency of redistributive land reform becomes greater.

3. Strengthening tenure security

Insecure tenure is widely understood to have both psycho-social and economic dimensions: insecure tenure heightens the vulnerability that the rural poor already experience in

4 The other dimension of course is that rural families are part of the world, and in the absence of some land with which to at least partially provide for their own food needs, many will be completely destitute.

5 Or so one may have thought. There is a growing literature on the problems associated with ‘land grabbing’ and the growing concentration of land ownership/control in Europe and North America – see e.g. Franco and Borras (2013) and Desmarais et al. (2015). Interestingly, recent data from the US (USDA, 2014) suggests a ‘hollowing out’ of agricultural landholding patterns. In 1997 the average farm size in the US was 431 acres (about 196 hectares); after some vacillation, in 2012 it ended up at 434 acres, that is, effectively the same. However, over this same period, the number of small farms (i.e. those 49 acres or smaller) increased by 10%, as did the number of large farms (those 2000 acres or larger), implying an increase in the sort of dualism that countries such as South Africa have been wanting to erase.

6 A number of instances of growing concentration or re-concentration land holdings have been noted in India (see e.g. Sharma, 2016 and Iyer, 2016, in relation to Karnataka and Punjab, respectively); Central America (Baumeister, 2015); Latin America and the Caribbean generally (Gomez et al., 2014); etc.
abundance, while also discouraging productive investment that could assist poor households to improve their material situation.

Even so, the link between tenure security and productivity is contentious. Why so? In part it is because demonstrating the link empirically/statistically turns out to be quite difficult, as will be shown below. However, there are also other reasons – common points of confusion – which are worth bearing in mind: i) contrary to many people’s assumption, ‘customary’ tenure is not necessarily less secure than statutory tenure; ii) efforts to improve tenure security are not always well conceptualised or executed; and iii) tenure security is neither a sufficient nor a necessary condition for encouraging investment.

To back up a bit, ‘land tenure’ refers to a set of guidelines for use and treatment of land (Obeng-Odoom, 2012; Tenaw et al., 2009; Kyomugisha, 2008). It as an ‘institution’ denoting rules conceived by societies to regulate conduct regarding land. These rules can exist by virtue of tradition/custom, or law. One stumbling block to the proper understanding of ‘tenure’ is the tendency to conflate it with ‘ownership’ (Larson, 2003).

Tenure security could be said to be in place when a rights holder (whether an individual or a group) is confident of those rights:

“In every human society, challenges or disputes are bound to occur over landownership, but with security, these rights should be protected and enforced. Security is thus about the exercise of one’s rights without the fear of unnecessary interference or fear of forceful eviction” (De Souza, 1999).

This confidence – absence of ‘fear’ – is ultimately subjective, but is presumably based on the rights holder’s empirical observation, for example as to how other rights holders in that community fare, or one’s assessment of the apparatus in place to protect people’s land rights. Obviously the absence of confidence implies tenure insecurity, but it is also worth pointing out that tenure security/insecurity are integrally related to land administration, because part of the function of land administration is to protect people’s legitimate tenure rights, and another part is to adjudicate disputes. A land administration system that does this poorly or in a biased manner, is apt to be a source of tenure insecurity (Aliber et al. 2004); this applies whether the tenure system in question is customary or statutory, and whether the land administration system is ‘traditional’ or in the form of a modern state bureaucracy. There is also evidence to suggest that customary tenure can sometimes be more dynamic than statutory tenure because in effect the ‘transactions costs’ associated with changing customary rules are or can be less than those of effecting changes to a system through new or amended legislation, or by means of restructuring the land administration bureaucracy. Brokensha is one of the early exponents of this view; in looking at the impact of Kenya’s massive titling programme, he observed that “land adjudication inevitably introduces finiteness and rigidity and thus harshly disrupts the old flexible system” (Brokensha, 1971: 3). This is one of the main reasons why “customary tenure” is such a misnomer, i.e. because it suggests a system that is static, which may well not be the case.

This brings us to a critical question: if tenure systems tend to evolve in a manner that is generally appropriate to the local economic context, why would tenure insecurity ever exist? There are in fact numerous reasons/scenarios:
- Tenure insecurity of a tenant (or beneficial occupier) may be the preference of the landlord (or owner) (Huggins and Ochieng, 2005), presumably more so in a context where the system does not care to curb the power of the landlord.
- Discrimination (whether de jure or de facto) against specific categories of people, e.g. women or migrants, can mean that they are not accorded equal or secure tenure rights, ceteris paribus, or are not able to defend those rights, for example owing to a lack of social capital or weak land administration (Lovo, 2013).
- Failure to keep up with rapid socio-economic change – just as in some cases sustainable agricultural intensification fails to keep up with rapid population growth, it may be that a tenure system fails to evolve quickly enough.
- Rapid urbanisation is often accommodated by the growth of informal settlements, whose residents often experience tenure insecurity, either because their presence is technically illegal (e.g. on public or private land), or because of the inadequacy of the land administration system (Payne and Durand-Lasserve, 2012).
- Large-scale conflict may leave tenure insecurity in its wake, whether due to massive population movements, or deterioration in the overall rule-of-law (van der Molen and Lemmen, 2004).
- ‘Land grabbing’, whether by foreign companies, local elites, or one’s own government (Mushinge, 2015).
- Failure to maintain a functional land administration system, or to establish an effective land administrative system to support a new or changed tenure system, or the introduction of a tenure system that is out-of-sync with people’s needs (see e.g. Kingwill, 2014).

Speaking generally, tenure insecurity may be deliberate, in the sense that this is regarded as normal and acceptable by those who are responsible for making and keeping the rules of the tenure system (i.e. as is sometimes the case of tenancy, where there is the intrinsic possibility of a tension between the rights of the tenant and those of the landlord); or it may be because the rules are vague, inappropriate, or incomplete; or, again, the tenure insecurity may result from rules that are weakly or arbitrarily enforced or systems that are inefficient or opaque.

The improvement or strengthening of land tenure is most commonly taken to mean *formalisation*, which is typically taken to involve formal registration and issuance of titles to persons in possession of land-based assets which are ostensibly unsubstantiated (Bromley, 2008). Many authors refer to ‘registration and titling’ as the leading forms of formalising land ownership (e.g. Pacheo et al. 2015; Domeher and Abdulai, 2012; Grimm and Lesorogol, 2012; Benjaminsen et al., 2008; Sjaastad and Cousins, 2008; etc.).

Secure property rights are believed to favour productive investments in land in various ways. First and foremost, it is believed that tenure security favours the willingness to invest; this rationale is sometimes referred to as the ‘assurance effect’. Second, it is believe that tenure security – in particular in the form of a registered title – can enable or facilitate access to credit (i.e. because one collateralises the property), which can be used for investment into the productive capacity of the property. These two are the most commonly cited links between tenure security and investment (Carter and Olinto, 2003). However, there is also a third, in that tenure security is often associated with tradability, which in turn implies at least the possibility of allocative efficiency, i.e. land will tend to shift to those most prepared to use it, which further suggests a link to more investment and production (see e.g. Deininger and Chamorro, 2004).
There is a vast literature on whether or not formalisation leads to more investment and therefore more production, especially in the context of agriculture. However, we must be reminded that formalisation does not necessarily imply a higher degree of (perceived) tenure security. As suggested above, formalisation in the context of a weak and/or corrupt land administration system can aggravate insecurity. And second, titling programmes usually require a simplification of status quo rights over land, which in effect means that some people’s rights are promoted at the expense of others. The prototypical situation is whereby one household may be regarded as the primary rights holder over, say, a field, but other households may have conditional usufruct rights to that land, for instance to graze their stock there during the off-season. In the course of titling, the tendency in the past is to fail to acknowledge the latter rights – especially because the title is modelled on a Western-style freehold – which in effect means that these secondary rights have been cancelled (Meinzen-Dick and Mwangi, 2008).

Until fairly recently, empirical tests of the relationship between tenure security and investment/productivity have yielded surprisingly little, given the seemingly self-evident nature of this relationship. Grimm and Lesorogol’s (2012) review of research on African countries (which covered e.g. Migot-Adholla et al., 1994; Bruce and Migot-Adholla, 1994; Carter et al., 1994), concluded that the relationship between formalisation and investment/production is at best weak. They held that evidence from studies suggested that the expected increases in tenure security, access to credit, investment in agricultural inputs, and improvement in crop yields after land privatisation had not occurred in Africa. Citing a large number of studies, Deininger and Jin (2006) drew out similar inferences: “interventions to improve tenure security may be misguided or of little empirical relevance”. (To clarify a bit, one of the reasons for this conclusion is the important finding that the direction of causality can run the other way, i.e. not only from tenure security to investment, but from investment to tenure security.) Carter et al. (1994) offer similar reasoning: “Investigations offer only mixed support for the general hypothesis that tenure security in the form of a title induces farmers to apply inputs more intensively and generate greater levels of output and net returns per acre; tenure security may indeed provide such incentives, but this appears to be confounded by other factors that have not yet been formally incorporated [in our models]”. Domeher et al. (2012) go further to suggest that this is not merely an empirical/statistical challenge, but part of the reality of farmers in many countries, i.e. that there are numerous other critical factors required to stimulate willingness to invest in agriculture other than tenure security, particularly in Africa where the production environment is often so problematic.

The latest word on the empirical evidence for tenure security comes from the assessment of the impact of formalisation programmes. Lawry et al. (2017) performed a systematic review of 20 quantitative studies and 9 largely qualitative studies, having excluded 45 and 229 studies of each type, respectively, which did not meet their strict “substantive and methodological inclusion criteria” (Lawry et al., 2017: 67). Most of the remaining studies were published since 2005, which seems to reflect that they had tended to overcome some of the technical deficiencies of earlier studies. Regarding the 20 quantitative studies,

“…the evidence suggests substantially beneficial effects on average from de jure recognition of tenure. The available evidence suggests that de jure recognition of tenure boosts productivity, as measured in terms of the monetary value of land productivity, by around 40 per cent on average…. This is a substantively huge effect, although this estimate masks substantial heterogeneity between Latin American and
Asia where the measured productivity effects were strong and sub-Saharan Africa where they were positive but much weaker.” (Lawry et al., 2017: 72)

However, “As far as mechanisms go, the available evidence provides little to indicate an operative causal pathway via the credit access effects, although there is some evidence to suggest an active pathway through tenure security and investment effects” (Lawry et al., 2017: 72).

Furthermore, regarding “investment, long-term production, leasing out land and consumption, the qualitative literature reflected almost exclusively positive experiences”, however out of the 9 studies examined they also acknowledge “two examples of perverse productivity effects.” (Lawry et al., 2017: 76).

While it is comforting to know that the empirical evidence finally seems to support what has long been more or less self-evident, perhaps one should not exaggerate the importance of the economic impact of improved tenure security to rural livelihoods. It is now commonly accepted that poverty is best understood as a multi-dimensional experience of which money-metric poverty is an important but not singular component. The psycho-social importance of tenure security has attracted less attention than the issues of investment and productivity, perhaps only because until the recent interest in quantifying subjective well-being, it was even less amenable to measurement; and yet there is little doubt that improved tenure security does much to improve subjective well-being (see e.g. Cheng et al., 2014; Väth et al., 2014), whether it is based on ‘customary’ or statutory tenure.

4. Democratizing decision-making

More than 30 years ago, David Korten launched a perceptive critique of how governments and donors tend to pursue their economic development/assistance programmes:

“In hindsight the results [of governments’ and donors’ various rural development initiatives] seem quite predictable…. It remains the rule rather than the exception to see in development programming: a) reliance, even for the planning and implementation of ‘participative’ development, on centralized bureaucratic organizations which have little capacity to respond to diverse community-defined needs or to build on community skills and values; b) inadequate investment in the difficult progress of community problem-solving capacity; c) inadequate attention to dealing with social diversity, especially highly stratified village social structures; and d) insufficient integration of the technical and social components of development action.” (Korten, 1984: 178)

Broadly speaking, the development literature since Korten has recognised the distinction between the ‘blueprint approach’ and the ‘process approach’, where the former involves centralized planning and often futile attempts to implement, while the latter is a more people-centred, bottom-up approach. The point is not necessarily that one approach is always better than the other (moreover, the advantages of hybrid approaches are also recognised; see e.g. Brinkerhoff and Ingle, 1989), but that in certain contexts or for certain tasks, there may be good reason to lean in favour of one over the other.
The truth is, Korten’s insights from three decades ago sound poignantly current where today’s land and tenure reform programmes are concerned. Even if the South African government’s penchant for large-scale commercial agriculture is orders of magnitude less heavy handed than the forced collectivization of the early and mid-20th century, it is nonetheless a top-down imposition that contradicts what most would-be land reform beneficiaries would prefer, namely small, well-located plots suitable for tenure and food security (Aliber et al., 2006). (It is important to note that the counter-example of Zimbabwe’s Fast-Track Land Reform was borne out of special conditions, a calculated opportunism rather than a deep-seated wish to empower the poor or respect for their preferences and needs.)

To be fair, Lipton reminds us why sometimes genuine participatory approaches are not auspicious for land reform:

“Both decentralisation and participation may fail a big test of successful land reform: that it should not fall foul of, but should weaken, the grip of local ‘Big Men’. Moderating their diversionary and retaliatory power may be harder for local assemblies, however nominally inclusive, than for a more remote central government with more recourse to legislative, and in the last resort coercive, power.” (Lipton, 2010: 128)

As Binswanger and Deininger argue, historically it was the exercise (abuse) of power that resulted in such unequal land ownership patterns in the first place (Binswanger and Deininger, 1995). But how can one counter such power without bringing to bear greater power, which would logically be state-centric power? On the other hand, as Binswanger and Deininger also show – and as is amply revealed by the recent literature on land grabbing and concentration around the world noted above (see footnote 6) – one reason local power elites are so successful is because they are either allied with, or are exponents of, state power.

It would appear that there are no simple answers. Decentralised decision-making in the context of pro-poor land and tenure reform, is clearly first prize, however it presumes a responsible state and the absence (or the ‘subdue-ability’) of local elites who would either thwart or capture the pro-poor direction of the intended reform. What is unambiguous, however, is that the more informed, articulate and organised the rural poor, the better the chances of a genuine and effective pro-poor land reform, regardless where precisely the decisions are made.

5. Conclusion

While it may be the case that land reforms made a significant contribution to poverty and inequality reduction during the latter decades of the 20th century, there is a sense that momentum has been lost and some (much?) progress has reversed. The paper explores some reasons why this might be the case.

One factor that stands out is the strong attachment many governments seem to feel to large-scale commercial production systems; this attachment conditions how keenly a country may wish to pursue a land reform, and how it understands the objectives of its land reform. For those countries that do decide to undertake a land reform, there remains enormous variability in terms of how great a priority it really is, as reflect in actual resource allocations, the
willingness to challenge vested interests, and the wisdom to empower the rural poor to determine the direction the land reform assumes.

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