

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

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# Asset redistribution in rural areas

- Largely taken (by me) to mean *LAND*
- Lipton (2010): “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.”
- Basic idea – owner-occupied small-scale farms are better than the alternatives
- *But if land redistribution is so potent, why does it seem support for it has waned so much?*
- *Have we already accomplished it wherever it is relevant?*

# Asset redistribution in rural areas (cont...)

- Perhaps interest has waned because in past land redistribution has often been done so badly?
  - Case in point: the collectivization of land in many socialist countries in 20<sup>th</sup> century
  - Irony: collectivization driven by belief that ‘large + modern’ farming would contribute to industrialization
  - Second irony: years later, some non-socialist countries pursued similar approaches for similar reason, eg Zimbabwe, Namibia, South Africa; results = very disappointing

## **Asset redistribution in rural areas (cont....)**

- Other possible reasons?
  - Expensive?
  - Urban bias (despite the rhetoric)?
  - Politically difficult?
  - Cash and in-kind transfers are easier?

# Asset redistribution in rural areas (cont....)

- This ties in with one of the major challenges of our day – the changing nature of farming and the ‘conspiracy’ against small-scale
- This is one reason land redistribution is unfinished business, and will likely remain so; new waves of landless and land-poor
  - Evidence of (re-)consolidation around the world – India, Central America, South America, Southern Africa, *Europe...*
  - What about other parts of Africa? There is good reason to be vigilant

## **Asset redistribution in rural areas (cont....)**

- What to do about it?
  - Renew our attention to land redistribution?
  - Try to thwart land consolidation or the forces that propel it?
  - Strengthen compensatory measures aimed at helping small-scale farmers?

# Strengthening tenure security

- Economists have spent much of the past 40 years trying to prove what they already believed must be true: tenure security is good for household welfare
  - More security means more investment ('assurance effect')
  - More investment means more productivity
  - More productivity means more income
- Still, has been surprisingly difficult to show in practice – why?

# Strengthening tenure security (cont....)

- Commonly cited reasons:
  - Because tenure security difficult to measure
  - Because cause and effect difficult to disentangle
  - Because other things have to be in place for farmers to invest
- Other reasons?
  - ‘Customary tenure’ is not necessarily less secure than statutory tenure
  - Efforts to improve tenure security are not always well conceptualised or executed
  - In fact, the hoped for impact of formalization (eg titling) can be undermined by a poor (or corrupted) state land administration system; can make tenure insecurity worse!

## Strengthening tenure security (cont....)

- Formalization tends to beget full tradability; can in turn lead to landlessness
- Important gender dimensions:
  - Women often lack independent land rights
  - Women are vulnerable to the decisions of male relatives, eg husbands

## Strengthening tenure security (cont....)

- Weight of empirical evidence now showing that stronger land rights do indeed tend to contribute to investment and productivity increases (pew!)
- There *is* a rationale for the state to do something – rural population growth tends to exacerbate insecurity in ‘customary tenure’ environment; psycho-social costs very high
- But problem remains that state-led processes are often messy and flawed
  - often fail to take women into account
  - prospect of full tradability still a worry

# Democratizing decision-making

- Tricky concept in context of land redistribution and tenure reform
- Lipton distinguishes between degree of decentralization and (local) participation
- If inequitable land ownership came about through exercise/abuse of power, can decentralization and/or participation help you? It depends...
- Sometimes centralized authority is a good thing; but it has to want to 'do the right thing'

# Democratizing decision-making (cont....)

- Consider Zimbabwe vs South Africa:
  - For 2 decades, governments were apathetic, imposed poor models, and abetted elite capture; did little to address poverty
  - Zimbabwe's Fast Track LR c. 2000 – populist manoeuvre in which gov't withdrew protection to large-scale white farmers, 'allowing' decentralised, participatory land redistribution; but result = qualified success, esp because it allowed people to exercise preference for subdividing farms
  - Ever since, South African gov't confused; it wants the populist dividend, but how to exercise power responsibly and without negative side-effects?

## Democratizing decision-making (cont....)

- Tenure reform also quite vexing; in sub-Saharan Africa, big issue is whether and how to accommodate traditional leaders, but also divergent gender and generational interests.
- No simple answers: perhaps the only common denominator is that the prospects for positive change are best when the rural poor are well-informed, organised and articulate; governments may or may not promote this, but social movements do, and are increasingly international

# Conclusion

- Land redistribution ('rural asset redistribution') still has an important role to play in reducing poverty and inequality
  - Probably will for years to come
  - Maybe even in countries where it has not historically been an issue
- Tenure reform is inevitable, because pressure for it tends to increase – the question is, whose rights will be secured, how skilfully and carefully, and with what safeguards in place?

# Recommendations

- Multilateral institutions (eg UN) should try to keep land redistribution and tenure reform on the agenda
- Need to foster political will to combat ‘big farmism’, eg via land ceilings, anti-trust action
- Support land/agric-focused social movements and their international growth
- Keep a watchful eye on emerging land inequities.