POVERTY

as if land didn't matter

by Ian Barron

INTERNATIONAL agencies like the World Bank continue to spew dozens of books a year on the problem of poverty. They catalogue human suffering, but they fail to offer effective guidance about the source of the problem. The result is that Third World governments continue to allow their economies to spiral downward, with a dangerous build-up of frustration which manifests in ethnic and class conflicts, which serve as distractions from the source of the problem. The irony is that, in those countries, the facts are so transparently clear to anyone armed with an appropriate theory of poverty that the nature of the solution would be easy to define.

Take South Africa. The Mandela government is sincere in its desire to improve everyone's prospects. And it is aware that the land question is central to any solution. On November 8 the national assembly passed the Restitution of Land Rights Bill into law. This is the first step towards compensating an estimated 3.5 million black people who were forcibly removed from their lands during the past 80 years. But there will be problems with implementation: the government will find it difficult to provide financial compensation to deal with the claims that are upheld. And the white farmers' lobby group is organising itself to oppose any attempt to deprive them of the land which they till.

Meanwhile, Nelson Mandela's ANC is not armed with a coherent strategy for developing the economy so that both whites and blacks can feel partners in a single programme of economic development. The confusion over the privatisation issue illustrates the point.

- In May, a month after the first post-apartheid elections, President Mandela vowed that he would not support a programme that shifted more wealth into the hands of the white minority.
- In August, the minister in charge of reconstruction and development (Jay Naidoo), condemned privatisation as a method of "sacrificing long-term assets for a short-term benefit".
- In October, however, the government made concessions over the sale of "unproductive state assets" tc raise funds for economic reconstruction. And this was followed by the statement from the deputy president (Thabo Mbeki) that privatisation was an integral part of government policy.

This means that state assets will be put on the auction block: they will fall into the hands of white-owned cash-rich corporations. Among the assets already eyed are the vast tracts of land owned by the state-run telecommunications company Telkom.

Result: the South African economy will continue to develop along the lines of economic apartheid. The poor black population cannot hope to benefit from such a strategy. And President Mandela does not need to look further than Zimbabwe for proof.

IN HARARE, white entrepreneurs are now running scared. For 75 corporations have received an ultimatum from black businessmen who want some of their assets. This follows the failure of President Mugabe to deal with the land question. His strategy - of reallocating white-owned land to blacks - collapsed when scandals broke out earlier this year over the corruption of some of his ministers, who were putting their land-grabbing interests before the needs of landless peasants.

So attention has turned to the urban sector, where a black lobby has insisted that white-owned corporations should offer them shareholdings at "an agreeable commercial price". They are threatening tactics like consumer boycotts with, they warn, the prospect of violence on a "Rwanda" scale. The threats appear to be supported by Mugabe's ruling Zanu party.

A DESPERATE President Mugabe has switched from a socialist to a free market strategy. Will this bring peace and prosperity to Zimbabwe?

Fourteen years after independence, whites (1% of the 10.4 million population) control 94% of the economy. And there is little doubt that the frustrated black population would rise up in support of the call for an "indigenisation" of the economy. For unemployment has risen from 10% (1980) to about 35%. The IMF has been brought in, but its standard strategy, including high interest rates, has squeezed small businesses and obstructed the business in loans to entrepreneurs who create new jobs.

Even if the IMF approach does not further destabilise the country, it would not solve the problem of poverty and under-development. For, ultimately, the structural problem would remain: the private control over the nation's rental income.

To create the optimum conditions for jobs and productivity, public revenue must be derived from the rent of land. This would drive the development programme with incentives that are not available under the tax regime advocated by the IMF. But because this strategy is not understood by Third World governments, social and economic problems are dealt with in terms of platitudes. For example, Trevor Ncube, editor of the *Financial Gazette* who does not favour the social conflict approach to indigenisation of the Zimbabwe economy, says: "The indigenisation we are talking about is one which provides skills, financial resources and access to markets to the people who have not had the opportunity to take part in the mainstream of the economy."

That is the problem. But it cannot be achieved within the framework of conventional economic policy. Which is why countries like Zimbabwe - where "a great deal of land on commercial farms remains unused" (to quote a Christian Aid official who recently visited the country) - will continue to be powder-kegs. The rich and poor are divided by the economics of apartheid which is every bit as vicious as racial segregation.