

2. INFORMAL FREEHOLD AND THE FREE MARKET (REPLY TO LOUW)

1. INTRODUCTION

Following the Swart Commission, Leon Louw makes a remarkably sweeping series of claims about the working of indigenous land systems; according to Louw, capitalist accumulation and the free exchange of land rights between individuals were characteristic of early black society, paving the way for free-marketeers (sic) to restore these lost rights to Ciskeians and achieve economic takeoff. Louw's view is that anyone who disagrees must be confused.

With respect, I have to hand this one back. Louw is mistaken about why I disagree with him – where I part company with the Swart Report is not through wanting to preserve indigenous tenure as some kind of endangered species¹. The disagreement is at base because I think the Swart Commission's approach to rural development is badly flawed, and particularly their formulation of the land options.²

Depriving most of the rural population of their land rights is the express purpose of the Swart Commission land plan:

“... it is clear that there are presently too many people living off the land ... a successful program of land reform will be characterised by a reduction of the population on the land and a migration into villages, towns, and cities ...” (p. 21)

In this formulation, it sounds like applying freehold to remote and impoverished rural areas will automatically produce a solution to underdevelopment.

The Swart Commission's approach to the rural situation relies on the same logic as the 1954 Tomlinson Commission report, and suffers from the same problems. It still attempts to promote a rural economy based on full-time agriculture, and it tries to do it by removing “the inefficient” from the land (the Tomlinson Commission simply called them “the rest”) and expecting them somehow to find themselves a living somewhere else – theoretically, in wage employment in the urban areas. This strategy is not likely to get past its own internal contradictions. In trying to get people off the land, the Swart Commission approach is likely to remove the wrong ones, further impoverish those who are left, and run a risk of ending up worse off than before.

Louw's reply to Tapson and myself doesn't comment on any of the points that have been raised about real-world chances for development. Louw seems to be maintaining that freehold is a very adaptable economic institution capable of curing almost anything, so the specifics of the case do not matter much; the points Louw does put forward amount to a close recapitulation of the Swart Commission's version of the indigenous tenure system.³

The question then arises, why this archaic focus instead of the real-time world? And for that matter, why should the Swart Commission report spend four and a half involved pages on the same issue?

Ostensibly, Louw and his colleagues want to establish that freehold is fully compatible with the indigenous land systems – but this doesn't seem to be the whole agenda. It is a basic principle of economics that free-market systems do not work without free competition: the real aim of their discussion seems to be to claim free competition as a pre-existing principle of the black land systems in Southern Africa.

By the terms of their own argument then, Louw and his colleagues are resting their case on the points that:

- (1) the indigenous land systems worked on the same economic lines as Western capitalism; and
- (2) all the necessary conditions obtain for freehold to unleash successful commercial agriculture.

2. DOES FREEHOLD WORK?

The overwhelming force of the evidence is that individual tenure in itself does not do anything for agricultural production^{4, 5, 6, 7}. Louw has not really disputed this one, other than to say he disagrees with Tapson and myself about definitions. This is a fairly breathtaking omission – whether or not freehold can succeed in establishing a successful agriculture-based rural economy is the point where the Swart Commission land recommendations must stand or fall.

Cases in Southern Africa suggest that **freehold has been consistently unsuccessful in either promoting the free exchange of land rights or in raising agricultural production**^{8,9,10}. In the numerous instances where individual tenure has not worked, Louw's argument appears by implication to be that these cases do not apply because the type of tenure involved was not really true freehold, where the landowner can really do whatever he wants with his land freed of all use restrictions. In other words, the landowner has to be wholly free to go for the best market solution.

It is doubtful if this is really the point. On what is now known freehold is clearly not a requirement for raising rural incomes^{11,12}; if crop production is the goal, it might be a better idea to spend less time working out whether freehold is really “true” or not, and instead **concentrate on whether individual tenure is a guarantee of agricultural output or not** – or even a precondition for it.

The only case Louw mentions which qualifies in his view is Eastern Cape black freehold in the 1880's, where successful peasant-type production certainly did take place. What Louw does not mention is that similar agricultural development took place in Southern Africa in many other times and places, but was never exclusively linked to private landowning. **Successful peasant production took place on freehold land, but also on tribal land, and on white farms** under various types of tenancy arrangements¹³.

This makes it difficult to use the historical data to support a specific link between formal freehold and agricultural success. A major reason appears to be that in underdeveloped rural economies where subsistence risk is the main constraint, the necessary freemarket conditions simply do not obtain.

On the contrary – evidence from various places suggests strongly that if the conditions for a successful rural economy do not already exist, freehold is likely to do more harm than good. In a depressed rural economy where the cash value of agricultural land is low, **freehold seems to go straight for the best market solution in the form of tenancy and shack farming**, with or without absentee landlords^{14,15, 16}.

This kind of tenancy seems to have nothing to do with successful agriculture; people are paying for residential rights chiefly, and running the household economy as usual on migrancy. The results do not help development. In the old rural freehold areas in Natal, the outcome in a weak rural economy seems to be that title becomes so comfortably secure that it rarely changes hands^{17,18,19,20}.

Landowners are then able to maintain a large following of tenants who may continue to rent from them over generations, but who never obtain secure land rights of their own. Tenants then remain perpetually subjugated to landlords in a system which combines the worst features of laissez-faire freehold and classical tribal tenure. Meanwhile, development is conspicuously absent.

This does not add up to a “free market” in land, but it looks like the real outcome of freehold under unfavourable conditions; freehold does not work everywhere. Instead of facilitating the free exchange of land rights in a dynamic system, freehold in underdeveloped rural areas appears to jam up solid.

3. HOW DOES INDIGENOUS TENURE WORK?

This brings us to freehold and the indigenous tenure system, Louw, de Wet, and our editor have all queried what the actual differences are between formal and informal freehold: last time out, I commented that modern forms of indigenous tenure readily develop their own form of individual land rights, then added that these informal freehold systems “**also recognize the community land ethic and use it to control some of the dangerous tendencies of laissez-faire freehold.**”²¹ To explain the regulatory aspects of informal freehold, it is necessary to get straight about the basic structure of the classical indigenous land systems, from which informal freehold emerges.

Briefly, Louw claims that **all assets, including land, were privately owned**, and that the right of **free contract prevailed** without any form of coercive power to limit it; that **any tribal citizen could amass wealth** as much as he was able; that **central institutions were very weak**, without the power or the inclination to tax, expropriate, or interfere with private accumulation; also, that no one could be **dispossessed of land** or other assets without a full public hearing. In addition, Louw seems to be implying that this system was equally **open to all**; he winds up by remarking,

“The true nature of substantive tribal law is more puristically unfettered private ownership than western “freehold” . . .”

and adds that the indigenous population of the time were passionate adherents of individual freedom. On this last point only, Louw is perfectly right.

3.1 THE CLASSICAL LAND SYSTEM

The single basic principle underlying the indigenous land systems is commitment to the interests of society. In indigenous social thought, the private striving of the individual is always potentially in conflict with society’s interest. The demand for personal autonomy is deep-rooted, but the other side of the equation is **an equally rooted distrust of individual motivation and a demand that self-interest be controlled.**

The community ethic is an informal code which is not always enforced by law. Public opinion and informal process control activity which is not against customary law but is also not acceptable past a certain point. The powers of the chief and the community over land show up in this light – they are rarely used but are legitimate and perfectly real. Deprivation of land is one of the means the community uses to control people seen as selfish and unscrupulous. Land rights have therefore always been heavily restricted for reasons which have nothing to do with scarcity, and the following **do not** apply to the classical indigenous land systems:

- **Free right of contract;**
- **Free accumulation of wealth;**
- **Free competition**

1. **Classical tenure did not and does not allow a free right of contract.** The landholder can only initiate transfers; his descent group, his heirs, the previous owner of the land and the neighbours could all block the transaction if they were not satisfied with it. **The right to transfer land permanently to anyone other than direct heirs was always limited by what can be called “over-rights”,**²² representing the interests in the disposal of a given land parcel held by other individuals or groups in the land-based organization of the tribe.

2. **Classical tenure did not allow free accumulation of wealth.** In a society with no developed commercial tradition, the only practical use for wealth was political, for collecting followers. The chief and the old families were the economic centre of society; community members could claim on their wealth in case of need. In this kind of economy, for people with low standing to accumulate wealth is divisive and can break up the community. **Private accumulation becomes anti-social and suspect.** Under classical tenure, it was allowed strictly in line with the system of land-based seniority, and attempts to beat the system were arrested by levelling mechanisms²³,

3. **The classical land systems do not provide for free and fair competition.** The economic system was not equally opened to everyone. **The community ethic views open competition as destructive;** under classical land-based organization, access to strategic resources went by seniority. High-ranked families held old-established land rights; new families stood as subordinates, meaning they were expected to stay quiet in community politics and not to attempt to get rich – until, after generations, their descendants had built up standing in the system.

Space forbids citing much evidence here; but in researching the origins of the modern black urban elite, Mia Brandel-

Syrier collected family histories that highlight the status of individual enterprise.²⁴ One reason why families who wanted to participate in the modern economy tended to end up in town was that their attempts to collect wealth were systematically blocked under the indigenous political economy. The “jealousy of the chief” cited here is institutional, not personal, and is only one of the forms of levelling mechanism:

“Grandfather said, when asked how he got to the Orange Free State, that his grandfather was quite a generous man; he had plenty of cattle and so he did not see eye to eye with the chief. He was too popular and incurred the chief’s displeasure. (The chief) was jealous, and they organised against him and wanted to kill him. So he escaped from Zululand . . . my grandfather was full of enterprise . . . the Dutch farms gave one a chance. My grandfather worked under the Boers. He became rich . . .”(p.22)

“On the white farm father had a big herd of cattle. It went down when he moved to the reserve . . . Father was not on good terms with the chief of M.’s location. The tribe were buying a piece of land and all the people had to contribute. They used to come in and choose whatever they wanted from our stock to contribute to the price. They came to my father several times and that decreased our stock. It was because the chief was jealous of my father’s stock. Also, my father liked progress . . .”

Brandel-Syrier’s accounts also confirm Bundy’s implied point that tenure on Boer farms was thought preferable to indigenous tenure in terms of opportunity for economic advancement.²⁵ Clearly, this would be an impossible state of affairs if Louw’s version of early indigenous capitalism were accurate.

3.2 INFORMAL FREEHOLD

Consequently, the answer to Louw’s question about whether formal and informal freehold are the same thing, is no. The **community land ethic is maintained by restricting the free right of transfer**; it provides that **every family is entitled to land**, and after that, the **accepted types of land use take priority**: these are residential use, cultivation, and grazing, though modern forms of economic land use such as stores and creches are also acceptable. The land ethic also makes it difficult for a family to sell their dwelling site if they have no other land; and over time it gradually transfers title to the occupant.

As the land ethic adapts to the modern context, economic pressure opens up the restrictions on accumulation of wealth and breaks up the status inequalities of the classical rank system. Over-rights fall away, and the individual is left able to hold and deal in land privately. But the community ethic is very sinewy and resilient — the KawZulu evidence suggests that it will never totally mimic the western property ethic. Informal freehold provides individual property rights **as long as they are seen as reasonable and not dangerous to the community**.

Even in its more open modern form, **the land ethic seems to hold back agglomeration and speculation**, which are apparently still seen as anti-social. Results suggest that field size declines drastically with subdivision, but nearly all families retain some arable land. A determined farmer can obtain four or five fields, but informal density limits tend to close off more because of the needs of others. If a speculator somehow succeeded in getting a sizeable tract, his right to hold the land

probably could not be defended against informal challenges. Knowing that the social ethic supports them, people can simply move onto the land.

This kind of system is not, as Louw suggests, identical with formal freehold; social judgement is built into it, and it relies on informal process having the force of law. Sales and leases are certainly provided for, but mortgaging does not fit in easily. Whether or not informal freehold systems promote development probably depends on what assumptions are being made, and what the alternatives are: keeping the land right with the occupant is better suited to integrated rural development than formal freehold systems intended to separate most of the rural population from land assets.²⁶

4. ALTERNATIVE APPROACHES TO LAND-BASED DEVELOPMENT

The Swart Commission approach to rural development seems to be based on the principle of the disappearing poor. Cost factors seem to dictate the time sequence: as it costs comparatively little, shift the tenure system to freehold now to get the inefficient off the land, then provide the expensive factors — transport, market supply network, jobs — at some indefinite point in the future, very much depending on persuading the South African government to part with more money. The “inefficient” — i.e. the poor — are apparently expected to disappear into thin air in the meantime.

Forcing up the rate of rural-urban migration is likely to affect the rural areas adversely. Those who leave are the strong viable young families, and those who remain are the poor and weak. A worst-case scenario would then leave the rural Ciskei populated only by a small category of older families who hold land, their economically marginal tenants, and the poverty underclass.

It is highly questionable if the dispossessed rural poor are likely to end up gainfully employed in town as a result of selling off their land. Since they are already marginally employable or unemployable, and lack the human and economic resources necessary to move^{27,28}, they are much more likely to stay where they are and face starvation in familiar surroundings. If the Swart Commission’s land strategy cannot provide economic space for these people in their rural communities, then it will probably harm rather than help development.

In this light, the case for formal freehold doesn’t look convincing. If the idea is to keep access to land dynamic and fluid, rural freehold in a marginal economy is not the way to do it. If “true” freehold in Louw’s sense is then tried, as seems very likely in view of the high level of anxiety and the insecure land situation in Ciskei, the poor are likely to be dispossessed fairly quickly. In a weak economy, landlessness is not the same thing as development or “being allowed to urbanize” — it can easily mean tenancy, debt, and entrenched poverty²⁹.

4.1 USING MIGRANCY TO FUEL THE RURAL ECONOMY

The alternative to relying on the land in underdeveloped areas is likely to be relying on wage work instead. **Migrant work is the only effective money-transfer system now operating between the rural community and the urban sources of cash**. Only when the inflow reaching the locality rises above the level needed for basic subsistence

can the classic trickle-down model begin to get past the effects of underdevelopment, and a local economy in its own right begin to emerge through successful informal enterprise. This is the point at which the Swart Commission initiative for job creation may be vitally significant; but the same doesn't hold for their land plan. The economy which appears is not agrarian.

On this alternative model, development doesn't rely on farming — it is spatially determined, and depends on achieving the status of a peri-urban area relative to centres of wage work. "Peri-urban status" here obviously does not depend on physical location, but on elapsed travel time into town, and the efficiency of the physical transport network. There is evidence that successful rural communities can emerge where they have free access to the urban sphere; instances in Zambia, Nigeria and Greece come to mind^{30, 31, 32}. Since there is no other way to bring the outlying districts close enough to the cities for development to take place, **the first priority is the improvement of transport, specifically and immediately, rather than tinkering with the tenure system.**

4.2 USING LAND TO INCREASE HOUSEHOLD OPTIONS

Against this background, my own position is that the heart of rural development strategy is **opening up the planning space of the household**: multiplying the lines of support accessible to the rural family till the household as a planning unit obtains room to maneuver, and can use its several economic enterprises to capitalize and to insure its ventures into others.³³

True to their contention that freehold is the best strategy to benefit the rural community as a whole, supporters of the Swart plan would probably argue that the whole purpose of the exercise is to do exactly this. This is the point: the results of the Louw/Swart rural strategy are likely to be counterproductive here.

Separating most of the rural community from control of their only capital assets and throwing them out of the community doesn't multiply the economic options of the majority. Louw argues that a competitive market in land rights will eventually gravitate toward optimality; but land markets in impoverished underdeveloped areas are not freely competitive, and are likely to gravitate firmly toward the rich controlling the land. In view of the attitude of the Swart Commission toward speculators, this may appear to them as optimality³⁴. In practice, a completely free land market in an underdeveloped rural area only multiplies the options of the well-off, and cuts down the plan space of the majority.

If one means of entry into development is differentiating the household's means of support in an economy based on urban wage work, then it would clearly help to forget about consolidating agricultural landholdings. Agriculture assumes its natural position as one of several family support strategies — and immediately, as if by magic, it is no longer necessary to assume that there are too many people on the land. Wage work can support any number up to urban densities.

More than farming, one of the most hopeful ways to open lines of support is through **economic land options**, and the Swart report duly endorses leasing. But the Swart

Commission tenure plans are not likely to open up renting or leasing options to the weak.

KwaZulu field results indicate that **leasing land is a very precarious and marginal alternative for the poor**, who are exactly the ones who most need secure leasing options. Louw's discussion here ignores the informal pitfalls — lease agreements can be broken and rented land is frequently stolen. If they rent, the weak resignedly expect to lose their land together with their prospects of getting food, income, or any other benefit from it. Consequently, **the poor are pushed by their desperation into selling their land instead of leasing it**, as their only realistic means of realizing any gain from their land resourcesⁿⁿⁿ. In a context of favoritism and corruption, land registry alone is not an answer here — the problems are at the informal level, and the whole system needs to be made more accountable.

4.3 WORKING TENANCY INTO A STRATEGY FOR RURAL DEVELOPMENT

Finding a solution to **allow the poor to use economic land options while still discouraging the practice of tenancy from jamming the land system** may be the single most difficult hurdle in adapting tenure reform to the needs of rural development. Taking land away from the "inefficient" is the last way to assist development in this context. Stabilizing the land system would mean reinforcing the indigenous land ethic where it asserts that all families hold land, and the modern consensus that gives the landholder the right to enter into commercial land contracts to support his family.

Attention is needed here to the institutional aspects and controls. The recommended legislation Louw asks for appears in a forthcoming publication³⁵ and space forbids a summary here, but I can briefly identify some of the problem areas, given that adequate enforcement at ground level is likely to be the single greatest difficulty:

1. Providing the disadvantaged — women and the poor — with effective access to the institutions that administer tenure;
2. Providing for secure administration of leasing and rental agreements;
3. Providing for community control over settlement density;
4. Keeping the land system fluid and responsive without allowing it to settle into entrenched tenancy.

If Louw isn't worried about agglomeration and landlessness, I am, having seen the system working. On the other hand, the subdivision of arable land is not a problem if no one expects the rural population to support itself entirely off agriculture. The same holds true for mortgaging land to get agricultural loans. For small plots, the risks and the administrative costs can easily outweigh any benefits, and other forms of credit will probably turn out to be more effective.

An overall land strategy for the rural homelands would then amount to working intensively on rural transport to try to shift the base structure of the space economy, while opening up household plan space in every way possible. This means raising urban wages and deregulating to assist the informal sector, but **also stabilizing the land system to try to ensure that the modern land ethic can be en-**

forced — that all households can both keep their land rights and use them to help support themselves. This will be difficult enough under some variation of informal freehold — true freehold is likely to make it impossible.

5. SUMMARY AND CONCLUSIONS: FREEHOLD OPTIONS IN AN UNDERDEVELOPED ECONOMY

The present rural “homelands”, as Tapson notes, nearly meet the conditions of land reform that other parts of the Third World are hopefully striving toward — most families still have land.³⁶ At the same time, the economy of the South African region has reached a point where some cash returns above bare subsistence are beginning to flow from the white economy back into the homelands. There may at present be a window of opportunity in the developmental trajectory of the indigenous land systems.

But as the homelands are drawn right into the modern cash economy and land values rise, new risks open up on all sides — outside speculators, absentee landlords, pyramiding subtenancies, and others. Freehold offers no protection here — as long as the poor are the majority of the rural population there is a high risk that the land system will entrench poverty rather than serve as a force for change. Freehold systems in Third World marginal economies don’t work the way they are supposed to — most rural families are not competing in the market economy on fair terms. Optimality is a long way off.

Rural development is normally thought of as serving the poor. The idea is not to guarantee the survival of the

fattest, but to try to see that everyone, the weak as well as the strong, are able to make economic use of land resources — even, if possible, to make land the base of a diversified household economy. Or, if this is not possible, at least to make sure that it doesn’t slip back to having no income at all.

This is a very difficult trick — once economic forces get loose, the poor tend to lose out by the nature of the economic process. Informal freehold systems may offer more hope to the disadvantaged, but they are not an answer in themselves.³⁷ As they stand, they only seem to slow down the rate at which the weak can lose their land. Some thorough debate over strategies and options is needed here — especially, perhaps, over rental options and the disadvantage of the poor in the land system.

Putting aside these considerations, other economic questions remain. For instance, are Louw and his colleagues prepared to find the level of welfare funding necessary if agricultural development fails to materialize and nothing else does either? In impoverished rural areas, people characteristically don’t take risks they can’t afford unless forced to do so — but planning for the rural poor based on freehold requires them to stand the entire risk. If the basic premise of the free-market approach is that risk-taking must be unfettered, and if free-market advocates in the homelands want to encourage tribal authorities to offer freehold in the hopes of removing the inefficient from the land, then whose liability is the risk taken by the poor? □

REFERENCES

1. Louw writes generously that while I claim to be anti-freehold, this may be due only to “an inadequate understanding . . . of the real nature of different land tenure forms . . .” If so, the problem must be a common one. The Swart Commission’s very singular interpretation of indigenous tenure can only proceed from a highly ideological reading of the documentary sources — helped out, perhaps, by not asking live informants the right questions.
2. This is a pity, because the free-market approach to industrial development has one significant advantage: as a method for giving disadvantaged areas some competitive edge, it often works. Reports on the free-market experiment in Ciskei suggest a real rise in economic activity; this means at least a chance of genuine development occurring. But the Swart Commission’s understanding of the formal macro-economy seems to be better than their insight into underdeveloped rural communities.
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6. Mills, M.E. & Wilson, M., Land Tenure: Keiskammahoek Rural Survey, vol. 4, 1952, 57.
7. Allan, W, The African Husbandmen, 1965, Edinburgh, 427-8; and see also Sorrenson, Land Reform in The Kikuyu Country, 1967 220-236
8. Bundy, C., The Rise and Fall of the South African Peasantry 1979 London, 52.
9. Wilson, M., The growth of peasant communities in Oxford History of Southern Africa, 1969. London, 60.
10. In cases where individual tenure schemes appear to have had some success, the actual determinants at work appear to have been factors other than the tenure system. Success depends on good land with adequate access to markets, qualified and motivated participants, realistic access to technology and credit, and a crop which finds a real opening in the market. Success seems most frequent in settler-farmers schemes where the other supporting conditions are adequate. The critical factor then may easily be setting the system up from scratch with all needs supplied — the new lands, new people approach. In contrast, attempts to rewire an existing land system — one in which people are not self-selected, experienced or motivated, and are almost certain to have economic agendas of their own — usually seem to fail under the weight of the pre-existing local economy.
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13. Bundy, op. cit., 238.
14. Cross, C.R., “Land tenure, labour migrancy, and the options for development in KwaZulu”, evidence to the Buthelazi Commission, 1981 unpublished, 19.
15. Report of the Select Commission on Land Tenure in KwaZulu, 1976, Ulundi, KwaZulu Govt, Service
16. Louw remarks that he has no evidence that freehold is linked to “undue agglomeration”; but tenancy neatly solves the problem of agricultural risk, and economic opportunity obviously lies in this direction; I can also refer him to a respected colleague and friend who lives in Durban but also maintains a rural home, who remarked to me recently, “You’re writing about freehold? Ha, I’m just hoping for them to start freehold in KwaZulu. I’m going to buy out all the little people around me and get them to pay rent . . .”
17. Watts, H., and Laredo J., unpublished data collected and analysed for the Three Rivers Survey, 1968. I.S.R. Dbn.

18. Cross, Fourie, Bacon, Jenkins, Scogings and McLaughlin, *Zulu Land Tenure and Development : The Adaptation of Contemporary Institutions*, 1982 C.A.S.S., D.S.U. and Department of Surveying and Mapping, Durban, 12.
19. Mills & Wilson, *op. cit.*, 57.
20. Mail, L. "The contribution by social anthropologists to the study of changes in African land rights", in *Studies in Applied Anthropology*, London, 1957, 59.
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22. Cross, et. al., 1982, *op. ert.*, p. 5.
23. For a quick summary of land rights and the adaptation of indigenous tenure, see *Zulu Land Tenure and Development*; *Ibid!* For more detail, including the land ethic in relation to land use and land transfer, refer to "If you don't have land you are not a man at all; social thought and the mechanics of land systems in modern KwaZulu" C.A.S.S., 1985 forthcoming.
24. Social processes which remove unnecessary wealth from those who are not supposed to have it. Visibly well-off families are expected to be conspicuously generous; any who are not come to be seen as stingy and anti-social. Hostile gossip, demands and accusations, law cases, and threats of violence mount up until the offender either co-operates or leaves the community. See Wolf, E., *Peasants*, Englewood Cliffs, 1966.
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26. Bundy, *op. cit.*, 34,45,52-4, 166-172, 204.
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33. Inedi, E., *Vasilika: A Village in Greece*, New York.
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- 35; Swart Report, *op. cit.*, 18.
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37. Tapson, D.R., *Freehold title – blind alley in the homelands?" Reality*, vol. 17, no. 5, 1984.
38. Cross C.R., *If you have no land you are not a man at all*, *op. cit.*

by LEON LOUW

3. FREEHOLD LAND RIGHTS, OTHER FREEDOMS AND THE FUTURE OF THE RURAL POOR (REJOINDER TO CROSS)

It has not been possible to find the time required to respond fully to Cross's "Reply to Louw". I regret this because there are aspects of her account of the "classical land system" which I should have challenged had there been a little more opportunity to consult sources. As it is, I confine myself to issues which are closer to my daily working experience of attempts to redesign institutions in South Africa and elsewhere in ways which set agents free to create wealth and pursue happiness.

1. Cross gives an account of how freehold is supposed to work (or rather, **not** work) when it is introduced from outside into underdeveloped rural areas. It "jams up solid". There is little exchange by sale or lease; rental, if it does exist, takes the form of "shack-farming"; and there develops a strange amalgam of

landlordism and the traditional system – generally immobility of resources amongst potential alternative users but an arbitrary rent-exaction transferred to the new class of landowners. The problem Cross says is that there is **no competition** – those "potential alternative users" aren't queuing up to bid against each other to use or obtain profitable land. They're in town working for wages (or hoping to) and the land isn't profitable in a market sense when used to support agriculture.

2. There is an important issue here that Cross raises, but it needs to be correctly understood. The lack of competition on the supply side has to do with restrictions on the rights of Africans to buy land in freehold. Similarly the intense competition on the