



# Economic Benefits and Costs of Land Redistribution in Zimbabwe in the Early 1980s

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**Summary.** — Evidence on the performance of Zimbabwe's early land reform effort is mixed. In this paper we use a unique micro data set with information on land reform beneficiaries and a control group of nonbeneficiaries and employ propensity score matching to examine household and per capita benefits associated with land reform. Combining this information with estimates on the cost of land reform we find that the economic return is positive but modest. Its magnitude depends on assumptions about the opportunity costs of land and the reasons for the observed increase in the size of resettled households.

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## 1. INTRODUCTION

The land question is one of the central themes in Zimbabwean politics. This has been true for over a century. The issue has its roots in the colonial period, when Rudd, in 1888, persuaded Lobengula, King of the Ndebele, to sign a land concession. It was further aggravated by the British South Africa Company, which, after 1893—when hopes faded for striking gold in what was to become Rhodesia—turned its attention to land, initially as payment to soldiers and later for sale to white settlers for a profit. Land was at the heart of the first, 1896–97, liberation struggle, the second liberation struggle which gave birth to the independent Zimbabwe in 1980 and plays a pivotal role in the current political turmoil.

Between the advent of European settler occupation and independence, Zimbabwe's indigenous population has been systematically deprived of most of its fertile land. At independence, about 15 million hectares of predominantly good quality land was owned by about 6,100 families of European decent, and 16.4

million hectares of less fertile land was occupied by a little less than 800,000 indigenous families.

At independence, the government of Zimbabwe was committed to redress this historical injustice. Bound by the Lancaster House Agreements to acquiring farmland on a willing-buyer, willing-seller basis, it embarked on an ambitious program of land reform. Land acquisition was facilitated by the fact that many farmers of European decent had abandoned their land during the independence

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war. A three-year drought during 1982–84 and the resulting loan defaults made additional land available for the program. As a result, over 1982–84, some 25,000 households could be resettled. After 1984, the pace of land acquisition and resettlement slowed markedly. By the end of 1989, 3.5 million hectares of land had been acquired and 71,000 households had been resettled—more than the original target of 18,000 but far from the subsequently revised target of 162,000 households.

The constitutional obligation to proceed on a willing-buyer willing-seller basis expired in 1990 and two years later the Land Acquisition Act was passed, which made possible the compulsory acquisition of farms. Meanwhile land reform proceeded—albeit at a very slow pace, until the late 1990s, when a new chapter to the land saga began. In November 1997, 1,471 farms were designated for compulsory acquisition. This was followed, starting in June 1998, by a period of copycat farm invasions, which with time became the Fast Track Land Resettlement Program in July 2000.<sup>1</sup>

This brief historical account highlights the centrality of land to the policy debate in Zimbabwe. It also suggests a preoccupation with the quantity of land being redistributed rather than with the performance of the land reform program. In this paper we focus on the latter, in particular on the costs and benefits associated to land reform under the first “willing-seller willing-buyer” phase of the land reform program.

The assessment of the performance of the land reform program, or for that matter, its beneficiaries, depends largely on whether one takes a per household or per capita perspective. Those taking a household perspective consider it highly beneficial. Kinsey, Burger, and Gunning (1998), for instance, report how land reform households perform well as they accumulated large amounts of (livestock) assets. Gunning, Hoddinott, Kinsey, and Owens (2000) show how, relative to 1983–84, settler households increased their productivity tremendously. But if one considers per capita performance criteria such as nutritional status or per capita expenditure, land reform beneficiaries do not outperform nonbeneficiaries (Hoogeveen & Kinsey, 2001; Kinsey, 1999), a finding echoed by Alwang, Ersado, and Taruvinga (2001) who report, based on the nationally representative ICES surveys, that land reform households are almost as poor as communal<sup>2</sup> households.

This paper employs yet another performance criterion, namely whether in terms of economic returns land reform has been satisfactory. We ask whether the benefits accruing to land reform beneficiaries are at least as large as the opportunity costs of the resources expended on them. To put it differently, the paper addresses the question of whether the monetary outlays made during the first phase of willing-buyer willing-seller land reform were well spent. Do the returns to the beneficiaries of the land reform program exceed those that would have been obtained had the resources expended on them been put in an interest-bearing bank account?

This paper is not the first to pose such question. Analyses by Cusworth and Walker (1988) and Robilliard, Sukume, Yanoma, and Löfgren (2001) study the benefits and the costs of the land reform program in Zimbabwe as well. These studies have reported an internal rate of return to the program that exceeds 20%. In the analysis provided here, use is made of the cost estimates presented by these authors. In determining the benefits from land reform, however, our approach differs in at least four respects.

First, we explicitly take into account the opportunity costs of land reform by accounting for the fact that in the absence of land reform, a beneficiary would have earned an income as well. Second, instead of focusing on income—a notoriously difficult to measure concept, we consider benefits in terms of consumption. Third, we do not make a comparison between land reform and nonreform households but instead compare land reform beneficiaries to a control group of households that were eligible for land reform, applied for it, but were not selected to participate in the program. Finally, we explicitly distinguish between household and per capita outcomes.

To determine benefits, use is made of a unique panel data set, collected by one of us (Kinsey). This micro-data set comprises information on land reform households resettled during 1980–82 and a group of nonland reform beneficiaries. For our analysis, we use primarily expenditure information collected during 1997–99, so that we obtain an estimate of the long run benefits to land reform. Other information, on crop incomes, yields, acreage, asset accumulation and household size is also explored.

The main conclusion from this paper is that assessment of the performance of the early land

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