

# **Land, politics and the role of international development agencies**

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# The political economy context

We live in interesting times! A curse, but also an opportunity.

- The challenge of inequality:
- 210 individuals have increased their wealth from \$4.6tn to \$5.4tn in the past year, roughly equivalent to a third of the US's annual GDP.
- The richest 1% of the world's population control 46% of the world's assets, while the poorest 40% have to make do with 1%.
- Land and property are concrete expressions of this inequality. For example, 1% of the UK population own 70% of all the land.
- The increasing treatment of property as a commodity has fuelled speculative pressure which triggered the sub-prime scandal and the current global economic crisis.

# Land and housing illustrate the challenge

Land and housing are increasing inequality.

- Property values in ten of London's most expensive boroughs are now worth as much as the property markets of Wales, Scotland and Northern Ireland combined, underlining the extent of Britain's growing wealth divide.
- 80% of all houses in London priced at above £10 million are bought by foreigners, many of whom rarely visit.
- In China, the only way to get an urban *hukou* is to be among the 'talenteds' (eg with a PhD), but who among the rural areas gets the chance for this?
- Price to Income Ratios are increasing in countries at all levels of economic development, making home ownership increasingly unaffordable for the young or poor and also forcing up rents.
- Welfare cuts in the UK are even leading to people being moved to the middle of England where housing is cheaper, but jobs are even more scarce.
- Slum clearance for commercially driven redevelopment is driving millions from their homes in urbanising countries.

# The long shadow of colonialism

- The situation is not helped by legal plurality and skewed landownership at independence.
- At independence in 1980, Zimbabwe inherited a racially skewed agricultural sector where 6,000 white large-scale commercial farmers owned 15.5 million hectares, and 700,000 peasants owned 16.4 million hectares.
- In Kenya, at independence in 1962, 3 million hectares or half the agricultural land in Kenya had been taken away.
- In South Africa in 1994, the 31 million Blacks, or 76% of the population, were confined to 13% of the land while the Whites, constituting 13% of the population controlled the remaining 87% of the land. Despite over 10 years of land reform, 85% of the country remains under White ownership Syagga (2011:294).
- Syagga claims that inequality over landownership has continued and probably widened in many countries.
- Political and administrative systems established under colonialism remain stubbornly in place in countries as diverse as India and the Solomon Islands. Violence has already erupted recently in the latter.

# The role of international development agencies – the World Bank

- The World Bank is moving from neo-liberal to more pragmatic approaches.
- Loans within the urban and housing sectors have increased in size and number, but still represent a small proportion of total lending.
- The Cambodian experience revealed the challenges of working in the land sector, especially in urban areas.
- The need to be risk aware, not risk averse.

## .... UN-Habitat

- Many campaigns launched (Secure tenure, good governance, etc)
- Budgetary constraints and political sensitivities constrain action
- State of the World's Cities 2010/2011 addresses scale and nature of inequality. African countries and cities shown to be among the most unequal and with lowest levels of human development.

# ... and DFID

- A decade ago, DFID was recognised as a leading agency in the land, housing and urban sectors.
- Sadly now it is suffering from ‘institutional Alzheimer’s’.
- Whilst the budget has been protected, a large part goes to multi-laterals or regional offices, reducing the influence of London on policy.
- Research is also outsourced partly to reduce overheads, but outcomes are at best uncertain.
- However, there is a new team of staff pushing hard to increase DFID’s role.
- An urbanisation network was created (late spring 2012) which brings together a large group of advisers. Property rights is one part of the story.
- DFID is a key contributor to the UK Government ‘Future of Cities’ Foresight initiative which seeks to assess what Britain can learn from, and contribute to, other countries.

# The politics of change

- Information on examples of progressive approaches are easily available to all.
- However, progress in most rapidly urbanising countries remains well below the speed and scale necessary to meet increasing needs
- This is threatening the ability of urban areas to maintain their role as the generators of economic growth and social development.
- It is not ignorance that is constraining progress, nor the nature of political systems.
- It is difficult to avoid the conclusion that if the political, administrative and commercial elite benefit sufficiently from the status quo they will not see it in their interests to change.
- After all, for politicians, keeping the poor majority under conditions of insecurity and in substandard living conditions enables them to maintain power through vote banks created by promising to relieve poor conditions, even if the promises are never fulfilled.
- For public sector officials, it enables them to maintain a degree of control over private sector groups, whether this is seen as in the interests of the public, or their own private interests.
- For private developers, it enables them to maintain high profit margins due to the shortage of supply relative to demand,
- Even NGOs benefit from the continued flow of funds from developed countries through both donor funded programs and charities in the West.



# Addressing the elite

- Elitist theory holds that political power is held by a relatively small and wealthy group of people sharing similar values and interests and mostly coming from relatively similar privileged backgrounds.
- Such theorists argue that it is these few "movers and shakers" who run their country and determine the basic directions of public policy, not the manipulated and powerless masses of ordinary voters.
- Where elites are deeply entrenched, and enjoy military support, prospects for significant change may be modest.
- However, social movements can change the political landscape without warning and even deeply embedded elites can find themselves under threat (eg the Arab 'Spring').
- How long will the poor tolerate being denied access basic housing and services, when they see the comforts enjoyed by a fortunate minority?
- Those in positions of privilege and power should pay more attention to the voices from lower down the social and economic ladder and make greater efforts to meet popular demands for better access to land, housing and services.

# Addressing markets

- Markets are behaving like teenagers and need 'smart' regulation for their own good.
- Real change requires international action, but strong local leadership can also work wonders – witness Barcelona, Curitiba, Malmo and Tirana.
- Value capture – as discussed by Carlos Morales - can help, together with more diverse supply options which are not all market based.
- Such approaches can replace the current forms of economic management with what could be called 'social capitalism'.



# Professional options and obligations

- Apart from climate change, the greatest challenge of our day is inequality. As Wilkinson and Pickett (2010) demonstrate, governments have a choice. They can either take steps to reduce inequality, or be forced to cope with the negative consequences of inequality in the form of high levels of crime, drug dependency, depression, divorce, obesity and, possibly, violence.
- Given that land and housing are politically determined, professionals need to be politically astute and decide who we serve.
- It is incumbent upon the professional community to present proposals for land management and housing in ways which the establishment are likely to find persuasive and also to demonstrate convincingly the likely consequences of alternatives.
- This is not about compromise but professionalism, of presenting a proposal as a solution to the problems as seen by others.
- It may require more use of the media, including social media, to gain support for progressive policies and increase pressure on those in power.

***Thanks for your attention!***

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