De Soto’s influential book *The mystery of capital* offers a simple yet beguiling message: capitalism can be made to work for the poor, through formalising their property rights in houses, land and small businesses. This approach resonates strongly in the South African context, where private property works well for those who inhabit the so-called ‘first economy’. Evidence from South Africa, however, suggests that many of de Soto’s policy prescriptions may be inappropriate for the poorest and most vulnerable in our society, and have negative impacts on their security and well-being. More attention should be paid to supporting existing social practices that have widespread legitimacy. Features of ‘extra-legal’ property regimes provide a key to the solutions: their social embeddedness; the importance of land and housing as assets that help to secure livelihoods; the layered and relative nature of rights; and the flexible character of boundaries. The entire legal and social complex around which notions of ‘formal’ and ‘informal’ property are constituted needs to be interrogated more rigorously.
embeddedness; the importance of land and housing as assets that help to secure livelihoods; the layered and relative nature of rights; and the flexible character of boundaries. The entire legal and social complex around which notions of 'formal' and 'informal' property are constituted needs to be interrogated more rigorously." Home. What lies ahead in South Africa? South Africa has many of the factors which could speed up such a hyperinflation cycle. The country's Gross National Product has been in decline since 2011, and unemployment peaked in 2017, with over one quarter of the working population jobless. In the opinion of property rights lawyer Du Plessis, fair land reform lies in a compromise between the protection of arbitrary state interferences and the basic human right of access to resources. Owners of big estates will have to make compromises, accepting redistribution under market value, she says "but zero compensation can only be just and equitable in very limited circumstances, for instance, a small piece of land for a graveyard."