

A QUESTION OF DEVELOPMENT

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SYNTHESES OF AFD STUDIES AND RESEARCH

The agrarian question in South Africa

LESSONS FROM A REFORM

The end of apartheid and Nelson Mandela's election as President of the Republic turned a page in the history of South Africa. In 1994, some 60,000 (white) farmers held around 87 million hectares of land, while 14 million (Black) South Africans confined to the homelands shared the remaining 13 million hectares (13% of the nation's land). What can be done about such legacies of inequality? This issue draws on an in-depth study of agricultural and land changes in contrasting agricultural regions to assess the country's 'market-assisted' agrarian reform. The verdict is unequivocal: twenty years on, the structure of land tenure has barely changed, reflecting an agricultural development model that itself stands unchallenged. What went wrong?

Full study downloadable in French at: <http://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Scientifiques/Focales/17-Focales.pdf>

Planned destruction of 'black' farming

The scale of the planned destruction of smallholder farming in this region of the world is massive. This sometimes buoyant sector, which was flourishing in the second half of the 19th century (Bundy, 1979), was gradually destructured and methodically destroyed to put all available resources – land, water and manpower – into the 'separate' development of the agricultural sector affiliated with the ruling minority.

'Agricultural development' for blacks, where the African populations were crowded into reserves (a process culminating in the enactment of the 1913 Land Act), was planned by Betterment Planning programmes under which arable land, grazing land, urban housing and woodland had to be consolidated and obey a standard location model (de Wet, 2005). This 'development' was largely instrumental in furthering the destructuring of the old agrarian systems following the vast land grab process.

The idea then emerged of setting up 'viable' farms in the homelands to be entrusted to a small, carefully chosen black elite. In terms of the farming models it promoted, this new policy was clearly already a harbinger of the later policy put in place by the post-apartheid agrarian reform with its emerging farmers. The promotion of a small number of black farmers was effectively based on what was seen as the 'modern' agricultural model already copied from 'white' farming: large specialised mechanised production units (strict division of cropping and livestock farming) making massive use of chemical inputs (fertilisers and pesticides) and massive use of hired labour, all massively subsidised.

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The outcome of this new 'development' policy was also unequivocal, with the massive failure of the promoted models. In the country's overcrowded areas where the African populations lived under strict curfew, agricultural labour productivity plummeted: diminished access to land and water, deprivation of means of production, forced loss of assets due to the livestock 'drawdown' campaigns, and deprivation of all independent access to the market, whether to supply chains for inputs and means of production or to marketing and processing chains. This plunged smallholder farming into an alarming state of deterioration, literally crushed by the process: agriculture reserved exclusively for whites on one side and completely proletarianised black populations on the other.



Photo 1. Manual farming in the New Forest irrigation scheme, former Gazankulu homeland in Mpumalanga Province (photo credit: H. Cochet).

'White' commercial farming

This 'white' agriculture developed in South Africa in a similar way, in some respects, to the farming characteristic of the European colonies in the 19th and 20th centuries (north of the United States and Canada, Australia, and the Southern Cone of South America): free access to large expanses of land and introduction of livestock farming/multicropping using draught animal power, followed by the development of the green revolution from the mid-20th century, if not before, based on mechanisation, agrochemicals and productive specialisation.

Yet the development process in South Africa gradually departed from this general movement. In the northern half of the United States, Canada, Australia and certain Southern Cone regions, 'local' manpower was in short supply and machine-drawn farm equipment and farm mechanisation were often massively introduced early on. In South Africa, where the large local populations were deprived of access to resources (especially with the land grab movement legalised by the 1913 Land Act) and massively proletarianised, the agricultural development of 'white' farms veered off in a different direction. Mechanisation, despite being

largely subsidised, was partial and came relatively late in the country as extremely cheap labour meant that many tasks long continued to be done manually.

There are huge productivity gaps between these farms and the moribund remnants of black farming. The ratio stands at roughly 1 to 100, if not 1 to 300, in all the regions studied by this research. The income gaps are even wider still with 'commercial' farms frequently earning millions of rand (hundreds of thousands of euros) while small producers earn in the hundreds of euros. The ratio is 1 to 1,000 ... or more.

Despite the political changes since 1994, the farms owned by the former ruling minority still benefit from the same extensive access to land, barely changed by the agrarian reform processes, the same advantageous access to irrigation water despite the progressive implementation of the water act and the creation of water users associations, and an extremely low cost of labour which, in spite of its recent upturn and the rises announced in 2013, gives the return on capital the lion's share of the distribution of the value-added.

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An agrarian reform 'assisted' by the market

It is known that South Africa's agrarian reform was designed at the outset as part of the liberalisation of the agricultural sector largely promoted by the international organisations, the World Bank in particular, and that any form of redistributive expropriation was ruled out right from the start. In a move to avoid disrupting an agricultural sector seen as modernised and productive, the new rulers chose to implement a 'market-assisted' agrarian reform. Rather than redistributing the land (and irrigation water) to the advantage of the majority, which would have meant expropriating the old regime's privileged landowners, the idea was to promote a land market for blacks to gradually access land on the basis of the 'free seller, free buyer' principle.

Despite the much-repeated political will to break with the legacy of racial segregation and even with the allocation of not-inconsiderable resources to the agrarian reform programmes, inequalities in access to productive resources and income gaps remain considerable. Only a small percentage of land has been affected by the agrarian reform's restitution or redistribution programmes and the number of beneficiaries remains extremely small (Anseeuw, 2005; Lahiff, 2007). In addition, the consensus among all observers is that, in the majority of cases, far from creating wealth and



Photo 2. Partial mechanisation and cheap manpower: harvesting on a 'commercial' farm in the irrigated valley of Riet, Northern Cape Province (photo credit: H. Cochet).



Photo 3. Remnants of 'family' farming in the former Umtwalumi 'mission', Province of KwaZulu-Natal (photo credit: H. Cochet).

jobs, the agrarian reform has brought a marked drop in production and income there where it has been implemented.

Government support to help agrarian reform farmers may well have been insufficient for farming to resume in satisfactory conditions, especially since their initial assets had often deteriorated. Yet one other element contributed to the failure of the operation: government support to beneficiaries was defined by a standard, unilateral model that was the same in every way as those promoted in the past, i.e. specialised, mechanised, large consumers of inputs, fossil fuel and irrigation water, and largely reliant on hired labour.

On land restituted to the original communities or part of a redistribution programme, it was not just the land that was restituted but, on paper at least, the entire farm: buildings, irrigation and drainage infrastructures, fencing and machinery included. The architects of the agrarian reform would appear to have seen it as an indivisible whole, a business whose ownership was to be transferred lock, stock and barrel to a new individual from the 'former underprivileged' groups. This made it a business transfer, rather than a redistributive agrarian reform. The indivisible nature of the good transferred was based on the single, unquestioned model of the 'commercial' farm, assumed to be 'competitive' on the basis of competitiveness criteria that were rarely made plain, but were in actual fact restricted to financial profitability.

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The past development 'model' goes unquestioned

Once the choice was made to transfer only 'viable' farms to a single beneficiary who could bring a share of the capital to the table and take up the production process in exactly the same way, the agrarian reform became a mere tool of the policy to deracialise the economy under the Black Economic Empowerment programme. Yet when the beneficiary farmer – the emerging farmer – lacked production means himself to make the farm pay and found himself having to bring on board a service company to handle the entire crop production process or even sublet his farm to a neighbouring entrepreneur, the 'agrarian reform' process effectively created a greater concentration of, if not land ownership, at least production units held by the former ruling minority. Lastly, the measures put in place to support the emergence of black farmers took the form, in many cases, of hidden subsidies to agricultural service supply agencies, the old input supply and production marketing cooperatives, and the agricultural processing sector as a whole, largely controlled by whites.

The promoted model was, moreover, a corporate model, with the production process largely reliant on hired labour. The consequences of this choice were considerable. The extremely high level of agricultural income earned by most of the 'commercial' farms is not due solely to the high level of labour productivity, but most importantly to an unequal share of value-added very much to the disadvantage of the workers and the advantage of the return on capital and remuneration of the business head. Reproducing this social model is tantamount to reproducing the social relations inherited from the old regime: it bases the financial profitability of these future 'black' farms on just as unequal distribution of the value-added to the detriment of the creation of more fairly shared earnings.

Can South Africa's tremendous agrarian challenges be met by the model of the large scale, specialised,

well-equipped capitalist or corporate farm reliant on abundant hired labour for still-manual seasonal cropping operations? With massive underemployment rife in the countryside, the issue for South African agriculture is not so much to create formal wage jobs (jobs that are incidentally becoming less steady with insecure temporary employment on the rise) as to step up economic activity in rural areas to create value-added and income. There is nothing to suggest that the specialised farm model reliant on hired labour is the best for that task. It would be better to promote diversified production systems that make the best use of family manpower and resource access arrangements that give precedence to the remuneration of labour rather than the return on capital.

Redeveloping market family farming

A priority is therefore to identify courses of action that can promote the development, by the black populations, of job and value-added creating production processes that are less costly for the community than those promoted in the past and involve a less inegalitarian share of the value-added. Nevertheless, there appears to be no way of making headway without challenging the singularity of the development model proposed/imposed on the beneficiaries of the South African agrarian reform and, beyond, the rural world as a whole. Key to this is the question of redeveloping market family farming, rather than just sub-subsistence farming. A reported four million South Africans in 2.5 million rural households work in farming today (Alibert & Hart, 2009). Despite most limited access to inputs, equipment and markets and the extremely low incomes earned by these production systems, these activities no doubt make a significant contribution to the food security of many. Better still, where there is access to irrigation and a minimum of capital, relatively buoyant small-holder farming still exists or is developing once more.

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