

## Chapter 16

### 'Through a glass, darkly': Towards agrarian reform in South Africa

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The disappointing outcomes of post-apartheid land reform and rural development policies to date – and in particular their minimal impacts on poverty – are common knowledge.\* But land reform is unlikely to be abandoned by the state or slowly fade into insignificance. It will remain on South Africa's political agenda for some time to come. Dispossession of land is a powerfully charged symbol of historical injustice in general. More instrumentally, and in particular through its links with agriculture, land reform is seen as having the potential to create jobs and underpin improvement in rural livelihoods, as in the National Development Plan of 2011. Taken together, these factors mean that land reform in South Africa is inescapable.

Key questions arise: what kind of land reform might achieve the objective of a more racially equitable distribution of land, thus reducing political tensions around the issue, and a range of primarily economic goals, such as job creation, poverty reduction and improved household food security?<sup>1</sup> In a changing political landscape, what are the prospects for a comprehensive reform of land reform itself?

I argue here that the core of agrarian reform in South Africa should be the large-scale redistribution of both land and water to a nascent class of small- to medium-scale market-oriented farmers who are able to engage in 'agricultural accumulation from below'. This would be a minority of the rural population, but a sizeable one, comprising around 200,000 households, or a million people. I also argue that the most productive core of large-scale

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\* Thanks to Donna Hornby, Stephen Greenberg, Henry Bernstein, Anne Saunderson-Meyer, Rick Rohde and Cherryl Walker for their useful comments. The title invokes Corinthians 13: 'For now we see through a glass, darkly, but then face to face: now I know in part; but then shall I know even as also I am known'.

commercial agriculture, comprising the top 20 per cent of farming operations, should *not* be targeted for land redistribution in the short to medium term, so that it can stabilise agricultural production for another two decades while agrarian reform proceeds around it.

The chapter begins with a summary of the problematic character of post-apartheid land reform policies and their weak impacts to date. I then outline key features of South Africa's agrarian class structure, which has been only marginally altered by land reform and is an element of the class structure of South African society more broadly. I critically assess the proposals contained in the National Development Plan, and conclude by outlining an alternative agrarian reform programme for South Africa that is both radical (in that it seeks to change the underlying agrarian structure) and realistic (in basing itself on existing dynamics in rural society).

#### **Land reform and its impacts, 1994–2014**

The African National Congress government's land reform policies adopted in the mid-1990s were strongly influenced by the experience of oppositional civil society groupings active in rural areas in the 1980s. Many focused primarily on assisting rural communities to resist forced removals, sometimes successfully, making use of law and a rights-oriented discourse as key weapons of struggle. Few focused on the economic aspects of landholding, such as small-scale agriculture and the role of common property resources in rural livelihoods, and almost none questioned the character of large-scale commercial farming systems (although many, of course, pointed out its authoritarian and exploitative character).

In the early 1990s draft land policies focused largely on restoring or securing the land rights of black South Africans who had lost land or whose rights were weak and insecure, as members of land-owning communities, as farmworkers and labour tenants, and as residents of communal areas under the authority of chiefs. The immediate context for debating policies was the negotiated transition to democracy, which involved compromises with powerful interest groups such as white farmer unions and the chiefly lobby represented by the Congress of Traditional Leaders of South Africa. The constitutional protection of existing property rights was a key site of contestation. These compromises are evident in section 25 of the Constitution, which both enables land reform in important ways and constrains the confiscatory powers of the state.

The ANC and its allies had not paid a great deal of attention to issues of land redistribution before the negotiations began. This helped open the door in the early 1990s to the World Bank, which advised the ANC to adopt a market-oriented approach to land acquisition (through 'willing seller, willing buyer' land transactions) and to continue the deregulation and liberalisation of the agricultural sector first set in motion by the apartheid regime. These policy stances were accompanied by ritual obeisance to the notion that farming at different scales and with varying degrees of market orientation would be supported by the state through its land reform and agricultural policies.<sup>2</sup> Notable by its absence was any discussion of a serious and well-funded programme of support for black farmers in the former reserves and for land reform beneficiaries. This myopia has meant that from 1994 to the present, agricultural policies at both national and provincial level have been effectively uncoupled from land reform.<sup>3</sup>

The result of this uncoupling has been that the beneficiaries of land restitution and redistribution have received little in the way of appropriate farm planning, training and extension services, or access to credit and markets and other forms of practical support. These would have helped to level the playing field for smaller-scale producers, within a capitalist agricultural sector increasingly dominated by very large producers and corporate agribusiness (see chapter 7 by Henry Bernstein). Another key constraint is that thinking and practice in relation to the rural economy in South Africa have continued to be informed by a problematic set of assumptions about modern agriculture, premised on the superiority of large-scale, high-tech farming and the backwardness of small-scale farming.<sup>4</sup>

Two characteristics of South Africa's post-apartheid land reform that continue to hamper its progress are a profound disconnect between the political and the economic aspects of land, as well as a disjuncture between rights-based policies (designed to give effect to the enabling provisions of the Constitution) and farmer support programmes focused on production and rural livelihoods. A third is the tiny size of the budget for land reform – always less than one per cent of the national budget.<sup>5</sup>

In the Zuma era, opportunities for public participation in policy-making have narrowed, and disconnect and disjuncture loom ever larger. A Green Paper on Land Reform was published by the Department of Rural Development and Land Reform (DRDLR) for comment in 2011,

but was only 11 pages long and comprised very little beyond general statements of principle. Its main focus was on a proposed four-tier land tenure system, consisting of leasehold on state land; freehold 'with limited extent', possibly implying restrictions on land size; 'precarious' freehold (that is, with obligations and restrictions) for foreign owners; and communal tenure. In 2013–14 a series of more detailed policy statements were released and a new law on restitution was passed.<sup>6</sup>

The Restitution of Land Rights Amendment Act of 2014 opens up land claims for another five years. This has the potential to jeopardise thousands of existing claims that have not been settled, as well as another 20,000 that are settled but not yet implemented, in addition to opening up the claims process to traditional leaders (see the chapters by Aninka Claassens and Cheryl Walker). It seems highly unlikely that the billions of rands required to settle an estimated 397,000 claims will be made available by Treasury, and in practice only relatively few claims by a small number of well-connected people will thus be settled. The amendment essentially puts the nail in the coffin of an already struggling restitution programme.

Three documents redefine land redistribution policy. The State Land Lease and Disposal Policy (SLLDP) applies to farms acquired through the proactive land acquisition strategy. It defines four categories of beneficiaries: (1) households with no or very limited access to land; (2) small-scale farmers farming for subsistence and selling part of their produce on local markets; (3) medium-scale commercial farmers already farming commercially on a small scale and with the aptitude to expand, but constrained by land and other resources; and (4) large-scale commercial farmers whose operations are disadvantaged by location, size of land and other circumstances and with the potential to grow.

Categories 1 and 2 will be leased state land at a nominal rental of R1 per annum, without an option to purchase. Labour tenants and farmworkers who acquire land in terms of the provisions of existing legislation will also lease from the state, but pay only a nominal rental. The policy assumes that there will be only one lessee per farm, and no mention is made of subdividing large farms to provide for smallholders. Astonishingly, in the centenary year of the Natives Land Act, the DRDLR announced that poor black South Africans will continue to be denied the possibility of owning land and remain perpetual lessees of the state.

Categories 3 and 4, medium- to large-scale black farmers, will be leased state land for 30 years, with leases renewable for another 20 years, and have an option to purchase. The first five years of the initial lease will be treated as a probation period in which the performance of the lessee will be assessed, and new lessees will pay no rental in this period. For categories 3 and 4, the rental thereafter will be calculated as 5 per cent of projected net income, as set out in an approved business plan.

The Recapitalisation and Development Policy Programme replaces all previous forms of funding for land reform, including settlement support grants for restitution beneficiaries. It will also provide support to other black farm-owners. Beneficiaries will be prioritised in accordance with the four categories listed in the SLLDP, but just what that means is unclear. Again, business or development plans written by either private sector partners or departmental officials will be used to guide decision-making. Funding will be for a maximum of five years. Beneficiaries will have business partners recruited from the private sector, as mentors or 'co-managers', or within share-equity arrangements, or as part of contract-farming schemes.

The Agricultural Landholding Policy Framework proposes that the government designate maximum and minimum landholding sizes in every district, and take steps to bring all farms either up to the specified minimum size (a 'floor level') or below the maximum size (a 'ceiling'). District land reform committees will determine landholding floors and ceilings by assessing a wide range of variables (including climate, soil, water availability, water quality, current production output, commodity-specific constraints, economies of scale, capital requirements, numbers of farmworkers, distance to markets, infrastructure, technology, price margins, and relationships between different on-farm resources). Holdings in excess of the ceiling will be trimmed down through 'necessary legislative and other measures'.<sup>7</sup> What this means is unclear, but the document indicates that it may include purchase (possibly through giving the state the right of first refusal on land offered for sale), expropriation or equity sharing. The document reviews international experience of land ceilings in India, Egypt, Mexico, the Philippines and Taiwan. In these, the impact of land ceilings has 'not lived up to expectations', and in some cases has had almost no effect on disparities in landholdings. The obvious conclusion (that regulating farm sizes is ill advised) is not drawn.

It is clear that these policies are strongly biased in favour of emerging black commercial farmers operating at medium or large scale, despite rhetoric that asserts the importance of supporting smallholders.

What have been the impacts of problematic land reform policies? In twenty years land reform has only marginally altered the agrarian structure of South Africa, and has made relatively minor positive impacts on the livelihoods of those to whom land has been transferred. To date, only around 8 per cent of farmland has been transferred through restitution and redistribution, and many settled restitution claims have not been fully implemented. The great majority of 69,119 urban restitution claims have been settled through payment of cash compensation. Empirical evidence suggests that around half of rural land reform projects have seen improvements in the livelihoods of beneficiaries – but often these are quite marginal.<sup>8</sup> On farms with high-value fruit orchards, restitution claims settled through the establishment of joint ventures between claimant communities and private sector partners have not been successful either. In many cases government funds have not been fully released and often private sector partners have withdrawn following severe economic difficulties.<sup>9</sup>

Tenure reform has been remarkably unsuccessful. Farm-owners have worked out how to evict unwanted farmworkers within the parameters of the Extension of Security of Tenure Act of 1997, and have done so in large numbers.<sup>10</sup> In communal areas, twenty years of democracy have not yielded any legislation that secures the land rights of residents, and there are reports of widespread and state-supported corruption by traditional leaders in areas with significant resource endowments, such as minerals.<sup>11</sup> Chiefs are now seeking to extend the territories under their control through large restitution claims lodged under the amended Act of 2014.

### **South Africa's current agrarian structure**

Changes in South Africa's agrarian structure have occurred since 1994, but not at all in the direction envisaged by policy-makers. Land reform has proceeded slowly and uncertainly, alongside a gathering concentration of agricultural production in the hands of a small, highly productive core of white capitalist farmers (see chapter 7 by Henry Bernstein). A few black farmers have entered the commercial farming sector, perhaps 10,000 or so, and between

100,000 and 250,000 rural households may have benefited in some way from land transfers.<sup>12</sup> Some traditional leaders, in particular those who control access to mineral resources, have become members of a wealthy rural elite. Farmworkers have seen their wages improve, but many have been evicted, and many are now casual or seasonal workers not living on farms. Overall, the major beneficiaries of processes of agrarian change have been the owners of large-scale commercial farming and agribusiness enterprises. This reflects in part the poor performance of land reform, but it is also consonant with broader trends in society towards the concentration of economic power in a few large corporations, a small number of which are owned by the Black Economic Empowerment (BEE) elite.

In 2002, the last year for which we have comprehensive data, only 5,370 farming enterprises (or 12.3 per cent of the total of 45,818 such enterprises) contributed around 62 per cent of total turnover.<sup>13</sup> Today there are said to be less than 35,000 farm units in existence<sup>14</sup>, and the proportion of total turnover produced by the top (say) 20 per cent of farmers is likely to be even higher – perhaps as high as 80 per cent. The great majority of white farm-owners are much less productive, and it is likely that many do not depend on agricultural income alone.

The processes through which such concentration has occurred include the integration of the South African agricultural sector into global markets, increased competition, lower levels of protection, growth of successful enterprises to achieve economies of both scale and scope, and specialisation to supply lucrative niche markets. Success in the face of severe competitive pressures has been secured through the increasingly intensive management of farms as businesses, attention to markets, mechanisation and technological innovation.<sup>15</sup>

These changes have been accompanied by reductions in the numbers of employed workers, particularly unskilled workers. In crops which require careful handling, such as soft fruit and table grapes, large numbers of seasonal workers continue to be employed. In general, however, agriculture has become ever less labour-intensive, with 430,000 in permanent employment and 365,000 in casual and seasonal employment in 2007.<sup>16</sup> Recent increases in the minimum wage for agriculture, following strikes in the Western Cape horticulture sector in 2012, are likely to accelerate this trend to mechanisation.

Another strategy through which some larger farmers have secured their survival and growth is a move into profitable agribusiness enterprises located both upstream of farming itself (in seeds, fertilisers, chemicals and machinery) and downstream (grain storage, agro-processing, marketing and distribution).<sup>17</sup> An early manifestation of this was the privatisation of former white farmer-owned co-operatives in the early 1990s, creating giant agricultural services and food businesses. The agribusiness sector itself has long been highly concentrated and is now beginning to invest heavily elsewhere in Africa, as are South African supermarket and fast food companies.

At the other end of the spectrum, the annual Labour Force Survey reveals that the agrarian structure in the former bantustans, now known as communal areas, is somewhat static. The great majority of households who make use of land for cropping, numbering around 2.5 million in total, produce crops as a main or extra source of food.<sup>18</sup> Many now do so in large homestead gardens rather than on distant fields that are harder to protect from livestock. The success of the government's Siyazondla Homestead Food Production Programme in the Eastern Cape confirms the importance of such gardens to household food security.<sup>19</sup> But they produce only a fraction of the total amount of staple grains, such as maize, consumed by rural households. The uncertain economics of labour-intensive, small-scale maize production, in a market dominated by large-scale producers, along with severe practical constraints such as lack of fencing, are probably the main reason for the decline of cropping.

A minority of small-scale black farmers, numbering around 250,000 and forming 8 per cent of the total, sell farm produce to markets as their main source of income or as an extra source of income. Most use informal marketing arrangements, such as itinerant *bakkie* (small truck) traders who arrive to purchase green maize, tomatoes, cabbages or other crops. These loosely organised value chains are poorly documented and largely ignored by policy-makers. Most of these farmers have other sources of income such as wages, remittances and social grants. Relatively few are full-time farmers for whom agriculture is their only or main source of income, and only some supply municipal fresh-produce markets or supermarkets.

A large number of black rural households, probably around a million in total, own cattle, goats and sheep.<sup>20</sup> These are kept on the rangeland commons and make important contributions to household income and welfare. A key issue here is the unequal distribution

of ownership, with cattle in particular being the preserve of relatively wealthier households.<sup>21</sup> Climate change, along with fewer fires and other factors, is resulting in bush encroachment, enlarging the browse resource base that goats thrive on (see chapter 4 by Timm Hoffman). Goats are easier for female-headed households to acquire and make money from selling in local markets. It was estimated that in the late 1990s the net value of goods and services provided by cattle and goats on communal rangelands in the Sand River catchment in Mpumalanga was R77 million, or R411 per hectare, and earned their owners R5,400 per annum.<sup>22</sup> Communal lands also allow access to a wide range of natural resources that can be harvested for a variety of livelihood purposes (see chapter 13 by Sheona and Charlie Shackleton).

There are also a small number of 'emerging' black market-oriented farmers located on private land (some transferred through land reform) and in communal areas. Some smallholders, for whom family labour on the farm and home consumption of produce are still significant, supply produce within tightly controlled value chains, such as tomato growers in northern Limpopo under contract to the agro-processing giant Tiger Brands. There are also a few small-scale black capitalist farmers for whom the use of hired labour far outweighs household labour, and for whom home consumption is insignificant. No survey data are available for these two categories, but my guess is that they each number between 5,000 and 10,000 farmers at most.<sup>23</sup>

No national statistics exist on levels of farm production by land reform beneficiaries. Ministerial statements that over 90 per cent of land reform projects have failed have no basis in any published statistics. There is some evidence that around 50 per cent have enhanced the livelihoods of beneficiaries to some degree, but case studies reveal that relatively few beneficiaries are engaged in highly successful production.<sup>24</sup> Success stories include cases where government has invested sufficient capital in new enterprises to make them profitable, as in Besters in KwaZulu-Natal, where former labour tenants engage in commercial beef production and also keep multiple-function livestock for a range of purposes.<sup>25</sup> But these cases are probably the exception, not the rule, and their contribution to altering agrarian structure has clearly been marginal.

The skewed agrarian structure of South Africa is shown in Table 1. This structure should be the main focus of policy, and understanding its underlying dynamics is essential for

designing effective interventions. The challenge is how to radically reconfigure this skewed agrarian structure, including the class- and racially biased networks and institutions that determine access to components of the agricultural system other than land, such as finance, inputs, technology, expert knowledge, water rights and markets of different kinds. These relationships and institutions remain closed to most black farmers, although a favoured few, often members of commodity associations such as Grain SA, have managed to secure a degree of access.

Table 16.1: The agrarian structure of South Africa in 2014

Farmers	Numbers	Key features
Top 20 per cent of large-scale commercial farmers on private land; almost all are white	7,000	Sophisticated, specialised, capital-intensive farmers, producing for export or for agro-processing and large retailers; produce bulk of produce, perhaps as much as 80 per cent
Medium- to large-scale commercial farmers on private land; almost all are white	9,000	Some farmers succeed, some struggle, some are unable to earn a living from farming alone
Small- to medium-scale commercial farmers on private land; mostly white, some black	19,000	Many cannot survive from farming alone; includes hobby farmers
Small-scale black capitalist farmers in communal areas and in land reform contexts	5,000–10,000	Many farmers earn income from off-farm incomes and businesses in addition to farming
Market-oriented black smallholder farmers in communal areas and land reform contexts, supplying tight value chains (e.g. under contract)	5,000–10,000	Many grow fresh produce under irrigation, others are livestock producers, and a few engage in dryland cropping
Market-oriented black smallholder farmers in communal areas and land reform contexts, supplying loose value chains	200,000–250,000	Many grow fresh produce under irrigation, and others are livestock producers. Few depend wholly on farming

Subsistence-oriented smallholder farmers growing food for themselves, and selling occasionally	2–2.5 million	Most crop production takes place in homestead gardens, some of which are quite large. Occasional livestock sales by some
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*Source:* Own estimates, based on Statistics South Africa's agricultural censuses of 2002 and 2007; Vink and Van Rooyen, 'The Economic Performance of Agriculture', and Aliber, Maluleke, Manenzhe, Paradza and Cousins, *Land Reform and Livelihoods*.

### **Class and politics in South Africa in 2014**

Discussion of rural policy seldom locates it within an analysis of the wider class structure of post-apartheid South Africa. But rural areas are not a separate sphere of society, disconnected from its general dynamics and problems. Rather, the reproduction of the inherited agrarian class structure can only be explained with reference to the long history of agrarian change and the compromises struck during the negotiations period, as well as to broader social, economic and political processes in the post-apartheid era more generally. Of course, how to understand class is contentious.

Seekings and Natrass suggest that the class structure of South Africa in the early 1990s had the following features: at the top was a small but wealthy upper class, comprising managers and professionals, which contained 12 per cent of households and earned 45 per cent of all income. Almost all were white. There was a larger set of racially heterogeneous 'middle' classes, comprising semi-professionals such as teachers and nurses, intermediate classes such as white-collar workers and supervisors, the core working class of semi-skilled and unskilled workers, and petty traders. These made up 48 per cent of the population and earned 45 per cent of all income. Finally, the marginal working class comprised domestic and agricultural workers and others, including some of the unemployed, and made up 41 per cent of the population while earning only 10 per cent of income. All were black.<sup>26</sup>

South Africa's class structure has become less racialised in character since 1994, particularly for the middle and upper classes. However, the numbers in the 'marginal working class' and the 'underclass' composed of the chronically unemployed are growing, and inequality is increasing. Poverty is still strongly associated with race for those at the bottom of the income pile.

This kind of analysis is based on fine-grained analysis of survey data on income, occupation and social identity. It is useful but ultimately limiting; it does not adequately explain the dynamic processes that create unequal class structures. An approach that understands class under capitalism as a social relation between owners of the means of production (capital), and those who must sell their labour power to such owners in order to stay alive (labour), is preferable. There are key differences, however, among the capitalist class (for instance, differences of type as well as scale of production) and the working class (for instance, differences of skill, pay and conditions of employment), and there is also a range of 'intermediate' classes including professionals, state employees, petty traders and self-employed, petty agricultural producers. The 'reserve army' of the unemployed and those engaged in survivalist enterprises, many in South Africa located in rural areas, is also highly diverse in its conditions of existence. Class is thus more complex than simply distinguishing between capital and labour.<sup>27</sup>

The key features of South Africa's contemporary class structure can be described as follows:

- 1) Large-scale capital dominates most sectors of the economy, with high levels of oligopoly in mining, energy, manufacturing, finance, business services and retail and in agriculture, including agribusiness; most capital is still white-owned, but some BEE black millionaires have been created; small-scale capital tends to be crowded out by large-scale.
- 2) The 'middle' (intermediate) classes contain many whites, but black membership has increased fairly rapidly; it now includes many state employees, including teachers and nurses, as well as some professionals; in contrast, an intermediate class of black smallholder farmers (that is, agricultural petty commodity producers) is very small.
- 3) The working class includes a strongly unionised core of mostly skilled and semi-skilled workers, together with growing numbers of non-unionised, contract, casual and temporary employees; some are migrants from rural areas or retain strong ties to rural families;
- 4) The large reserve army of labour, that is, the unemployed and those engaged in tiny survivalist enterprises such as food hawking, is growing; people in this class are found across rural, peri-urban and urban areas.

This structure is beset by tensions that are generating a new politics of class that is only partially inflected by race. In particular, the failure of capital to create jobs on the scale required to bring the majority of citizens well above the poverty line is perhaps the central issue facing the economy and the main focus of political tensions.

The massive expansion of both social grants and social wage elements such as free housing to the poor has contained the discontent of the poor for the most part. Communal areas, the rural zones of the former bantustans, are sites for the social reproduction of a large proportion of the reserve army of labour, and land-based livelihoods play a small but important role for many. Since access to land occurs largely through allegiance to 'custom', this creates a social base for traditional leaders, who in many cases use their position to enrich themselves, their families and allies.

Anger at stark inequalities between rich and poor is now fuelling bitter strikes, such as that led by the Association of Mineworkers and Construction Union (AMCU) on the platinum belt, and also 'service delivery protests', and underlies the rise of the Economic Freedom Fighters (EFF) party led by Malema. Within the organised working class, tensions between unions are increasingly generated by differences on class politics and the linked question of whether or not the Congress of South African Trade Unions (Cosatu) should remain within the tripartite alliance led by the ANC.

Further growth of the black middle class is constrained by declining possibilities of state employment. State tenders for small-to-medium black-owned businesses, some operated by state officials and their family members, have become a lucrative source of income, but their importance for the black petty bourgeoisie can also be seen as a response to the structural inertia of the wider economy.

In relation to capital, the early post-apartheid period saw the restructuring and unbundling of the major corporate conglomerates, massive capital flight and divestment, and the globalisation of the operations of the biggest companies.<sup>28</sup> Although the mining and energy sectors are not quite as prominent in the economy as they once were, the 'minerals-energy complex'<sup>29</sup> continues to exert a baleful influence on the structure of the manufacturing economy. The capital and intermediate goods sectors are still stagnant. The share of national GDP accounted for by the financial sector has grown apace, amounting to almost 20

per cent in 2009, and even non-financial corporations now earn large shares of revenue from financial activities. Relatively little investment inside the country has taken place, but outward-bound investment tripled in the first decade of democracy, much of it taking place elsewhere in Africa, seeking to overcome 'the limits and constraints of market size in South Africa'.<sup>30</sup>

The Marikana massacre of 2012 and the AMCU strike of 2014 have clearly exposed the underlying fault-lines of class in South African society. In particular, they reveal key continuities with the class structure of the past, such as the continued reliance of the mining industry on migrant labour from rural areas. Released from apartheid-era constraints, corporations are investing elsewhere in the world in part because the domestic market is constrained by high levels of unemployment; social grants take the edge off poverty but do not create strong purchasing power. Urbanisation is resulting in the spread of informal settlements and increasing demand for free government housing and services (see chapter 6 by Paul Hendler).

It is now clear that 'the markets' (that is, capitalists) left to their own imperatives do not invest to create the jobs that society needs. State interventions are required, but exactly what these should be is far from agreed. In one line of argument, large corporations must be 'co-opted into supporting a domestic programme of industrial development and diversification', along with appropriate adjustments in financial and macroeconomic policy.<sup>31</sup> Given the post-1994 globalisation of many South African corporations, incentives such as subsidies and tax breaks are recommended by some analysts, but it may be that more directive measures are required. Capital is, however, nervous of an interventionist state, and the ruling party seems internally divided on the issue.

Roger Southall suggests that there are strong links between key elements in the state and capital. He writes of the 'uneasy co-existence of largely racialised political and corporate elites who, though differing on lesser-order issues, agree upon the major fundamentals ... centred around the functioning of the market economy'.<sup>32</sup> However, this incipient power elite is not yet entirely cohesive, which allows space for other forces in society to 'jostle for influence, money and tenders', or for influence on issues of 'class, sectional or general interest'.

Despite the relatively strong showing of the ANC in the 2014 general elections, there are signs that class divisions and tensions are now manifesting themselves ever more clearly in the political sphere. The black middle-class vote in metropolitan areas is opening itself to capture by the Democratic Alliance (DA), the organised working class is split on the issue of whether or not to support the ANC, and the EFF clearly appeals to unemployed young people and other members of the reserve army of labour. Given this kind of class-based political volatility, it is conceivable that much more interventionist state economic policies will be adopted at some point in order to ensure job creation at scale.

The details of such policies – how radical they are (in order to address the fundamental structural issues), but also how realistic they are (in order to be feasible) – is what South Africans should be debating. Should basic shifts in the economic policy approach of the state occur, this would open space for a reconsideration of land and agrarian reform policies, both the policies currently being pursued by the DRDLR and those proposed in the NDP.

### **The rural economy chapter in the National Development Plan**

The NDP proposes a vision for an integrated and inclusive rural economy and discusses agriculture, land reform, non-agricultural activities and human capital development. It suggests that a million new jobs can be created in agriculture, two-thirds of them in primary production and one-third in secondary jobs (in linked industries upstream of production, such as the manufacture of inputs, and downstream of farming, such as agro-processing). A model of land reform is suggested that puts white commercial farmers and agribusiness in the driving seat, in exchange for protecting them from the acquisition of their land in future. These proposals are highly problematic, for a number of reasons, although the overall goal of creating a million new jobs might be achievable with appropriate policies.

Key to the expansion of agricultural jobs, according to the NDP, is adding 500,000 hectares to the area presently under irrigation, now around 1.5 million hectares, through better use of existing water and the development of new schemes. Other strategies include converting underused arable land in communal areas and land reform projects to commercial production, giving black farmers access to value chains, and encouraging higher levels of support for black farmers from white farmers and agribusiness companies.

A total of 250,000 primary jobs and 130,000 secondary jobs could be created by expanding commercial agriculture. Here the NDP advises government to 'pick winners' in large labour-intensive crops such as citrus, table grapes, subtropical fruit and vegetables; in smaller labour-intensive crops such as nuts, berries, olives, figs and rooibos tea; and in labour-extensive sub-sectors such as poultry and the grains and oilseeds required to feed them.<sup>33</sup>

The NDP states that improved land use in communal areas has the potential to improve the livelihoods of around 300,000 people. Here 'jobs' are equated with 'improved livelihoods', but the latter are not defined. Another 150,000 secondary 'jobs' will result, it claims, assuming a multiplier of 0.5 jobs for each job in production. There is no discussion of what crops might be grown by these producers, how the increase in agricultural production will be achieved, and no mention of livestock. Similar assumptions underlie the estimate that a further 70,000 livelihood opportunities will derive from better use of land in existing land reform projects, through effective support and financing programmes. No estimates for jobs are provided for an *expanded* area under land reform farms.

The NDP makes much of the need to increase the tenure security of what it calls 'communal farmers', but never says how. On irrigated land the cooperation of traditional leaders will secure such land through 'fully defined property rights, which allows for development and gives prospective financiers the security they require'.<sup>34</sup> Does this mean private title, or not? For land reform beneficiaries, a rent-free probation period of two to three years paves the way to long-term commercial leases over 40 years, with the rent contributing to the purchase cost when title is eventually transferred. This model would allow subsidised Land Bank mortgages to help beneficiaries make the transition to commercial farming.

The NDP also proposes a model for what it calls 'workable and pragmatic' land reform. The principles involve not distorting land markets or business confidence; and building the capabilities of beneficiaries through mentorship and training, partly by white farmers and agro-industry, who can also contribute to success through value-chain integration and procurement from beneficiaries.

The key institutional arrangement in the proposed model is a land committee organised at the level of a district municipality, comprising landowners, private sector stakeholders, and government departments and agencies. The committee will identify 20 per cent of

commercial land in the district that can be transferred to black farmers, from land already in the market, land where farmers are under severe financial pressure, land held by absentee landlords who are willing to sell, and land in deceased estates. The state then acquires this land at 50 per cent of market value (which is 'closer to its fair productive value') and the shortfall is made up of cash or in-kind contributions from commercial farmers. In exchange, commercial farmers are protected from land reform and gain BEE status.

There are many problems with the rural chapter of the NDP, in relation to both its quantitative projections and its implicit politics. It is true that official statistics for agriculture, and small-scale farming in particular, are woefully inadequate, but the bases for the chapter's estimates on job creation are remarkably unclear.<sup>35</sup> They appear wildly over-optimistic in many cases; in relation to poultry, for example, 65,000 new jobs are projected, but the industry is in distress as a result of increased imports of dumped products from Brazil and the European Union, and protective tariffs are now required to keep it alive.

Key questions not addressed in the NDP include these: what is stopping the private sector from taking up these apparently profitable opportunities, and why are agricultural jobs decreasing rather than increasing at present? The question of the low wages of farmworkers is ignored, and the key issue of increased mechanisation and job loss as the likely impacts of higher minimum wages is not discussed at all. Wider issues of agricultural policy, such as whether or not to afford trade protection to some products, are not discussed either.

The big new idea in the NDP, that another half a million hectares be irrigated, is controversial and not accepted by national water planners. How much of the half a million hectares should be for smallholders and land reform beneficiaries, how much for large-scale farming? The NDP does not say.

For communal areas, it is unclear what degree of 'improvement' in livelihoods will count as the equivalent of an NDP 'job' – is a 25 per cent improvement, for example, sufficient or not? The lack of detail in relation to communal area agriculture, where the bulk of the expected million 'jobs' is to come from, undermines the credibility of the proposals still further.

In relation to land reform, it is odd that the NDP projects no extra jobs from additional land acquired. The proposal that participating commercial farmers be protected appears to assume that redistribution will never move beyond its initial target of 30 per cent of commercial farmland. Not discussed at all are the farming models to be promoted on redistributed land. However, the chapter's proposals for leases for 40 years and Land Bank mortgages suggest that it has a form of large-scale commercial farming in mind.

The NDP's land reform model appears to have little traction with the Minister of Rural Development and Land Reform, Gugile Nkwinti, who continues to release muddled and unworkable proposals that contradict the NDP. In relation to the large-scale commercial farming models to be promoted through land reform, however, there is clear convergence between the NDP and the Minister's vision.

### **Towards agrarian reform**

After twenty years of failing policies, a reconsideration of current land and agricultural policies is required. A first step is analysis of past experience, and a touchstone should be an understanding of the socio-economic dynamics that underlie agrarian structure.

The increasingly concentrated agricultural economy has shaken out a large number of white farmers who in the past depended heavily on state support. But many relatively marginal farmers remain on the land, probably earning incomes from other sources to complement agricultural income. Their land constitutes a key resource for land redistribution. Some of it is likely to be relatively low potential land, such as dry rangelands, but not all, and some will be under irrigated crops. If this land is targeted by the state, it could be acquired relatively easily and cheaply from owners willing to exit from farming. The top 20 per cent of producers, around 7,000 highly capitalised farming operations, could be left alone for a couple of decades, stabilising production for export and a growing urban population. Pressure should also be brought to bear, however, to require these farmers to assist land reform in appropriate ways, such as training, as well as to improve the wages and conditions of their farmworkers, as proposed by John Sender.<sup>36</sup>

Who should be targeted for the transfer of the land of the other 80 per cent of white farmers? The most obvious candidates are the 200,000 to 250,000 black smallholder farmers

who, against all the odds, already produce crops and livestock for sale in markets. People in this category clearly have the potential to begin a process of 'accumulation from below', in which access to more land and water, plus well-designed support programmes, provides a platform for increasing levels of output from labour-intensive enterprises and reinvestment back into farming.<sup>37</sup> Most of these farmers currently supply informal traders and loose value chains with less demanding requirements than those of supermarket chains and formal markets. Livestock production by small-scale farmers using shared grazing land, in both communal areas and on land reform farms, should also be targeted for support. Neglected species such as goats and indigenous poultry need particular attention.<sup>38</sup>

Informal markets for smallholder produce should be actively supported by municipalities, for example by providing improved road access to farms and supporting auction sales of goats. Market-oriented smallholders could also be contracted in to supply public institutions such as schools, hospitals and prisons. Over time, as experience develops and their farms become more capitalised, some small-scale producers will begin to supply formal markets and tight value chains as well, and thus begin to compete with large-scale farmers. The government could consider requiring supermarkets to meet quotas for smallholder produce, and requiring input suppliers to tailor their products for the smallholder market. Farmer co-operatives to purchase inputs in bulk and to market collectively should also be promoted more effectively than at present, to bring down the high transaction costs of these activities for small-scale producers.

It seems to me to be unrealistic to expect dryland cropping of maize and other field crops by smallholders to be revived on a large scale under current conditions, and water for irrigation of vegetables and fruit is critically important. Given that the prospects for smallholder-oriented agrarian reform are inherently constrained in the drier regions of the country, the NDP's proposal that more land be brought under irrigation needs to be urgently investigated, and a realistic target set. The more irrigated land that can be made available to smallholders, the better for job creation and poverty reduction. If the NDP is correct that the market for vegetables could grow by 60 per cent over the next ten years, this represents a major opportunity for agrarian reform, especially if land can be transferred in peri-urban and urban areas.

The social reproduction functions of densely populated communal areas must be accepted. For the majority of small-scale crop producers in communal areas, most of them women who use homestead gardens to produce extra food for domestic consumption, agrarian reform should aim to strengthen their household food security. Fencing, inputs, water tanks and training are the key ingredients. Tenure reform to secure their rights from abusive traditional leaders and male relatives is also urgently required. Some subsistence-oriented producers will no doubt seek to begin 'accumulation from below' on land reform farms, or on new irrigation schemes in communal areas, but these will always be limited to a minority of the rural population.

With this kind of agrarian reform in mind, different policies need to be adopted. Land reform and agriculture must be reconnected within coherent policy frameworks, and placed under one ministry again, as they were for the first fifteen years of democracy. The target of redistributing 30 per cent of farmland should be replaced by one of 60–80 per cent over two or three decades, with the productive core of the top 20 per cent of commercial farmers left aside for now. Subdivision of large farms must be allowed, particularly in areas where cropping is viable.<sup>39</sup> The reallocation of water rights to land reform beneficiaries and appropriate irrigation infrastructure must proceed along with land transfer. Land acquisition should be spatially targeted and combined with infrastructural development and improved support services.

Extension services and the technologies they recommend must be reoriented to servicing the farming systems practised by smallholders, and supported by appropriate research. Veterinary services need to be offered to communal area herds. Support services offered by NGOs and commodity associations must be drawn in, too. These are some of the key components of the effective small-farmer support programme that South Africa has lacked until now.

A highly interventionist role for the state is critically important if policies are to radically reconfigure agrarian structure. Liberalisation and deregulation as policy stances will need to be reconsidered, not just in relation to a few products like sugar, poultry and wheat, but much more fundamentally. As John Sender argues, agriculture, as a key employment-generating sector, needs more state support, but in my view this should be mainly in the interests of black farmers and 'accumulation from below', not successful large-scale white

farmers. The government will also need to put real pressure on agribusinesses upstream and downstream of farming to come to the table and support smallholder farmers as part of their core operations rather than as small, add-on corporate social responsibility projects.

A key constraint on land reform and agricultural development policies since 1994 has been limited state capacity. This has various dimensions, including effective political leadership and vision, appropriate skills and experience, efficient systems and procedures, and sufficiently large budgets. Budgets have to be considerably increased if agrarian reform is to achieve its transformative objectives – trebled or even quadrupled. This will make land acquisition affordable, and bypass the confused and confusing debate on ‘willing buyer, willing seller’ versus land expropriation (see chapter 10 by Michael Aliber). Training of officials and extension staff within a revitalised bureaucracy is urgently needed, too. But all the different aspects of state capacity have to be addressed, or any kind of agrarian reform is utopian.

This model is premised on recognition of the potentially high productivity of smallholder farmers, jettisoning simplistic stereotypes of large-scale and small-scale farming systems. Smallholders must be recognised as a differentiated category of producer, in relation to their class character but also to the diversity of farming systems. What is required is acceptance of the dynamic character of smallholder farming, with both winners and losers emerging over time, and thus a degree of reconcentration. In a capitalist economy, this is inevitable. But it will take place within a much more broadly based and less racially skewed agrarian structure.

### **Conclusion**

How realistic are these proposals? In my view, smallholder-oriented agrarian reform is economically feasible, seeking to build on and extend positive dynamics at work in the rural economy, and eminently affordable by the state. Rebuilding the capacity of the state to implement such a programme is daunting, but surely not impossible. The technical skills to support agrarian reform and ‘accumulation from below’ on a large scale are available in South Africa, with its long history of agricultural development (although some reorientation to serve socially differentiated smallholder farmers will undoubtedly be required).

The more difficult question is in relation to political feasibility. Strong political and institutional leadership is needed to turn around the foundering ship of state and make it more effective and responsive to the needs of ordinary South Africans. At present the ruling party is clearly bent on supporting rural elites. In the case of chiefs, this is because the government reckons they will help deliver the rural vote. But challenges from below that are critical of the class character of current policies are likely to grow stronger over time, and pressure for policies aimed at ensuring large-scale investment by both the state and capital in employment-generating sectors, including agriculture, will increase.

A shift to the left is not inconceivable within the next decade, and this will surely mean greater support for radical agrarian reform. One danger is that a leftward turn involves a simplistic form of populism, emphasising the symbolic aspects of land but not taking into account the class dynamics and differences discussed here. Realism demands that these be the foundation of policies that seek to address underlying structural inequalities in South Africa's rural economy.

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<sup>1</sup> This is not to suggest that the ecological and cultural dimensions of land are unimportant. It is crucial that land reform promotes sustainable regimes of land use, and the multiple meanings of land for different people should inform the design and implementation of specific instances of land reform. But these do not in themselves provide adequate rationales for undertaking land reform,

<sup>2</sup> Brendan Bayley, *A Revolution in the Market: The Deregulation of South African Agriculture* (Oxford, 2000), p. 108.

<sup>3</sup> Ben Cousins, 'Land and Agriculture Uncoupled: The Political Economy of Rural Reform in Post-apartheid South Africa', in Paul Hebinck and Ben Cousins (eds.), *In the Shadow of Policy: Everyday Practices in South Africa's Land and Agrarian Reform* (Johannesburg, 2013).

<sup>4</sup> Ben Cousins and Ian Scoones, 'Contested Paradigms of "Viability" in Redistributive Land Reform: Perspectives from Southern Africa', *Journal of Peasant Studies*, 37, 1 (2010).

<sup>5</sup> More details of state spending on land reform, see Stephen Greenberg, *Status Report on Land and Agricultural Policy in South Africa, 2010* (Cape Town, 2010), pp. 4–5.

<sup>6</sup> The Department of Rural Development and Land Reform (DRDLR) produced the following documents: 'Green Paper on Land Reform' (Pretoria, 2011); 'State Land Lease and Disposal Policy' (Pretoria, 2013); 'Policy for the Recapitalisation and Development Programme of the Department of Rural Development and Land Reform' (Pretoria, 2013); and 'Agricultural Landholding Policy Framework: Setting Upper and Lower Bands for the Ownership and Use

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of Agricultural Landholdings' (Pretoria, 2013). See also Restitution of Land Rights Amendment Act, No. 15 of 2014.

<sup>7</sup> DRDLR, 'Agricultural Landholding Policy Framework', p. 9.

<sup>8</sup> Ben Cousins with Alex Dubb, 'Many Land Reform Projects Improve Beneficiary Livelihoods' (PLAAS Land Reform Fact Sheet 4, Cape Town, 2013).

<sup>9</sup> Edward Lahiff, Nerhene Davis and Tshililo Manenzhe, *Joint Ventures in Agriculture: Lessons from Land Reform Projects in South Africa* (London, Rome and Cape Town, 2012).

<sup>10</sup> Marc Wegerif, Bev Russell and Irina Grundling, *Still Searching for Security: The Reality of Farm Dweller Evictions in South Africa* (Polokwane and Johannesburg, 2005).

<sup>11</sup> Aninka Claassens and Boitumelo Matlala, 'Platinum, Poverty and Princes in Post-apartheid South Africa: New Laws, Old Repertoires', in Gilbert Khadiagala, Prishna Naidoo, Devan Pillay and Roger Southall, *New South African Review 4* (Johannesburg, 2014).

<sup>12</sup> The number of people who have actually benefited from land reform to date is unclear, with official statistics unable to distinguish between those to whom land was nominally transferred and those who have actually remained on the land and continue to use it. For several cases, see Michael Aliber, Themba Maluleke, Tshililo Manenzhe, Gaynor Paradza and Ben Cousins, *Land Reform and Livelihoods: Trajectories of Change in Limpopo Province, South Africa* (Cape Town, 2013).

<sup>13</sup> Nick Vink and Johan Van Rooyen, 'The Economic Performance of Agriculture in South Africa since 1994: Implications for Food Security' (Halfway House, 2009).

<sup>14</sup> In 2007 Statistics SA found that there were under 40,000 commercial farming units in South Africa; see *Census of Commercial Agriculture, 2007* (Pretoria, 2007). Many analysts suggest that the total is closer to 35,000 at present.

<sup>15</sup> Amelia Genis, 'The Changing Nature of Large-scale Commercial Farming and Implications for Agrarian Reform: Evidence from Limpopo, Western Cape and Northern Cape' (Cape Town, 2013).

<sup>16</sup> Stats SA, *Census of Commercial Agriculture, 2007*, pp. 48–9.

<sup>17</sup> Shannon Sherry, 'Go Big ... and Small', *Financial Mail*, 20 January 2012.

<sup>18</sup> Aliber, Maluleke, Manenzhe, Paradza and Cousins, *Land Reform and Livelihoods*.

<sup>19</sup> Derek Fay, 'Cultivators in Action, Siyazondla Inaction? Trends and Potentials in Homestead Cultivation', in Hebinck and Cousins (eds.), *In the Shadow of Policy*.

<sup>20</sup> Statistics South Africa, *Census 2011: Agricultural Households. Key Highlights* (Pretoria, 2013).

<sup>21</sup> Ben Cousins, 'Livestock Production and Common Property Struggles in South Africa's

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Agrarian Reform', *Journal of Peasant Studies*, 23, 2/3 (1996), pp. 166–208.

<sup>22</sup> C.M. Shackleton, S.E. Shackleton and F.R. Mathebela, 'The Contribution and Direct-use Value of Livestock to Livelihoods in the Sand River Catchment, South Africa', *African Journal of Range and Forage Science*, 22, 2 (2005), pp. 127–40.

<sup>23</sup> Vink and Van Rooyen, 'The Economic Performance of Agriculture', p. 35, suggest that there are 35,000 'emerging' commercial farmers in communal areas, but this is pure conjecture (Vink, personal communication). My estimate is based in part on the fact that in 2007 the Land Bank issued loans to 5609 emerging farmers. See Land Bank, *Addressing Challenges of Financing Emergent Farmers* (Pretoria, 2011), p. 13.

<sup>24</sup> There is a rich literature on individual cases of land reform; see Aliber, Maluleke, Manenzhe, Paradza and Cousins, *Land Reform and Livelihoods*; Hebinck and Cousins, *In the Shadow of Policy*.

<sup>25</sup> Donna Hornby, 'Hybrid Livestock Systems on Land Redistribution Projects in KwaZulu-Natal: Reproduction/Accumulation Dynamics and Social Differentiation' (Paper presented at the conference on 'Strategies to Overcome Poverty and Inequality: Towards Carnegie3', University of Cape Town, 2012).

<sup>26</sup> Jeremy Seekings and Nicoli Nattrass, *Class, Race, and Inequality in South Africa* (Scottsville, 2006), p. 254.

<sup>27</sup> Adding yet more complexity, class and gender identities and dynamics are linked; see Jacklyn Cock and Meg Luxton, 'Marxism and Feminism: "Unhappy Marriage" or Creative Partnership?', in Michelle Williams and Vishwas Satgar (eds.), *Marxisms in the 21st Century: Crisis, Critique and Struggle* (Johannesburg, 2013).

<sup>28</sup> Hein Marais, *South Africa Pushed to the Limit: The Political Economy of Change* (Cape Town, 2011), p. 124.

<sup>29</sup> Ben Fine and Zav Rustomjee, *The Political Economy of South Africa: From Minerals-Energy Complex to Industrialization* (London, 1996).

<sup>30</sup> Stephen Gelb, 'A South African Developmental State: What Is Possible' (Paper presented at Harold Wolpe Memorial Trust workshop, Cape Town, 21–23 September, 2006), p. 6.

<sup>31</sup> Ben Fine, 'State, Development and Inequality: The Curious Incidence of the Developmental State in the Night Time' (Draft paper for presentation to Sanpad conference, Durban, 2007).

<sup>32</sup> Roger Southall, 'The Power Elite in Democratic South Africa: Race and Class in a Fractured Society', in John Daniel, Prishan Naidoo, Devan Pillay and Roger Southall (eds.), *New South African Review 3* (Johannesburg, 2013), p. 35.

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<sup>33</sup> It is unclear whether or not the NDP sees smallholder farmers growing crops under irrigation as commercial producers; one table indicates that they are, but discussion of commercial farming in the text does not.

<sup>34</sup> National Planning Commission, *National Development Plan: Vision for 2030* (Pretoria, 2012), p. 200.

<sup>35</sup> Statistics South Africa's estimates of the numbers of small-scale farmers are based on different surveys that ask different kinds of questions, and are thus highly inconsistent with one another; see Michael Aliber et al., *Strategies to Support South African Smallholders as a Contribution to Government's Second Economy Strategy Project*, vol. 1 (Cape Town, 2010), p.86.

<sup>36</sup> John Sender, 'Backward Capitalism in Rural South Africa: Prospects for Accelerating Accumulation in the Eastern Cape' (Paper presented to ECSECC dialogue, East London, 2014).

<sup>37</sup> Ben Cousins, 'Smallholder Irrigation Schemes, Agrarian Reform and "Accumulation from Above and from Below" in South Africa', *Journal of Agrarian Change*, 13, 1 (2013).

<sup>38</sup> Rauri Alcock, 'The Curious Case of the Unknown Farmers' (Paper presented to conference on 'Land Divided: Land and South African Society in Comparative Perspective', Cape Town, 24–27 March 2013).

<sup>39</sup> The question of whether transferred land should be owned by beneficiaries or leased from the state is complex and not discussed here, for reasons of space. Both are viable options, in my view, depending on a range of other factors such as the degree of effective support from the state.