The disjunctures of land and agricultural reform in South Africa
Implications for the agri-food system

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ABSTRACT

Land reform was introduced in South Africa in the 1990s to redress the injustices of colonialism and apartheid. But compromises in the transition to democracy saw a trade-off between political participation on one side and continuity in economic structure and ownership on the other. Conflicting policy imperatives led to the subordination of land reform to agricultural restructuring, which was already producing the consolidation of corporate power at the centre of the agri-food system. Key processes included the privatisation of the co-operative infrastructural backbone to produce concentrated agribusinesses throughout the food system, trade liberalisation that benefited some agri-food sectors and saw the decline of others, and foreign investments and acquisitions across the agri-food system – most recently in the Pioneer-Pannar and Walmart-Massmart acquisitions. Despite rhetoric in favour of building small-scale agriculture, neither the land reform programme nor agricultural restructuring processes facilitated the realisation of this objective. Government tailored agribusiness in opting for a contract farming model to integrate selected small-scale black farmers into corporate value chains, which left the fundamental agrarian and agri-food structure intact. Government’s role in providing black farmers with finance, research and development support and extension services remain weak and enhance private control over the overall agri-food system.

Keywords: agri-food system; privatisation; small-scale farmers; corporate value chains

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1. INTRODUCTION

Land reform was introduced into South Africa in the 1990s in part in order to rebalance the highly racially-skewed distribution of access that was a consequence of violent dispossession and apartheid. However the democratically-elected government sought economic continuity at the same time. Efforts to realise these divergent objectives – redress of past injustice and economic continuity – produced contradictions in land and agricultural policy. Later, land reform became more closely tied to productive use and agribusiness began to shape the agenda more explicitly. In the process, the redistributive and justice elements of land reform have become increasingly subordinated to the logic of capital and its economic imperatives.

Commercial farmers were one of the social bases on which the National Party (NP)’s rise to power (O’Meara, 1996). The gradual decline of the political and economic power of commercial farmers as agriculture became less important in the political economy accelerated with the removal of the NP from state power following the first democratic elections in 1994. Economic crisis and the changing base of political power meant the authority of commercial farmers in the state was showing weaknesses in the 1980s. Although the NP was given the agricultural portfolio after 1994, this was primarily to ease the transition to a formal disconnection between the commercial agriculture lobby and the state (Bayley, 2000). This does not mean the lobby did not continue to exert influence over policy, but just that it no longer had a formal role in policy formulation.

The African National Congress (ANC) bought in to a restructuring process that was already well under way by the time the ANC took political control of the state in 1994. This restructuring included deregulation and liberalisation, and favoured export-oriented producers and agribusinesses. Smaller, often less efficient white family farmers who had relied heavily on state subsidies for their prosperity and survival during apartheid were the main losers in the commercial sector. Increasing economies of scale became the mantra.

Land reform was not motivated primarily by economic imperatives. That is to say, land reform was not a necessary component of economic restructuring and would not have been put on the agenda if it was not for the political or justice imperatives. This put it on a collision course with the highly-capitalised and entrenched large-scale commercial farming sector. Private landowners benefited in the political negotiations when the right to property was protected in the new Constitution, even if other constituencies (e.g. mining interests) secured this protection.

The result of these broad political and economic processes was a disconnection between political efforts to widen the base of land ownership, and economic tendencies towards concentration of land and agricultural assets. Land reform took place at the margins of the agricultural economy, with land transferred to large groups who were then expected to continue using it productively. The consequence was a string of weak interventions that not only did not ensure support for productive use of land, but also constrained the rapid redistribution of land. After 1999 the government began considering how to combine land redistribution with productive use. Under the leadership of Thabo Mbeki, this took the form of
attempts to create a black commercial farming class that could compete with large-scale commercial white farmers. However this failed to produce any meaningful change in the structure or distribution of productive resources given the social and economic structure throughout the agri-food system.

The Reconstruction and Development Programme (RDP) (ANC, 1994), which was the ANC’s programme for transformation released at the time of the first democratic elections, referred in part to support for small-scale farmers, as did the ANC's agricultural policy guidelines of the same time (ANC, 1994a). However, these were only fragments of a much broader and not entirely coherent vision, and little effort was put into reviving or recreating a black small-scale farming class that had been decimated many decades previously by prejudicial state interventions (see Bundy, 1988). It was only much later – in the mid-2000s - that it became apparent to the state and the ANC that neither land redistribution on its own nor expecting new black farmers to compete with their entrenched white counterparts without additional support would result in significantly greater black involvement in the agricultural economy. The notion of small-scale agriculture was given a new lease of life. This push came from multiple angles. Civil society organisations, especially non-governmental organisations (NGOs) who were working with black communities to get and then use land, saw that small-scale agriculture was closer to the needs of their constituencies than the imposition of a large-scale commercial model. This coincided with renewed interest in support for small-scale agriculture in Africa by the World Bank (2008) and other multinational entities, which gave government an opening to shift in that direction. The ANC’s 52nd National Conference in 2007 indicated that a similar shift was underway within the ranks of the ruling party. The explosions around land in Zimbabwe also gave the private sector and agribusinesses pause for thought about what the lack of transformation in South African land and agricultural structure might mean in future. They therefore embraced a model that sought to integrate small-scale producers into niche markets as profitable businesses.

In this paper I consider the interconnections between land reform, small-scale farmer support and conceptualisation, and the rise of a corporate agri-food regime in South Africa. The paper looks at the contradictions and disjunctures in government policy, and at the ways in which corporate power is driving the mainstream agenda around land reform and black farmer support. I start with an overview of agri-food regimes and the application of this concept to the South African system of agri-food production and distribution. I attempt to delineate some key aspects of changes in the agri-food system in South Africa, focusing on the privatisation of the co-operatives, governance and regulation around trade and marketing, and foreign direct investment (FDI) in the agri-food system.

I then consider land reform in relation to the changing agri-food regime, and proceed to look at how small-scale agriculture is being thought about in South Africa by different actors. I then highlight the contradictions between government rhetoric and practice in supporting black small-scale farmers with a focus on credit, extension services and research and development (R&D), and reveals how land reform and small-scale agricultural policy are increasingly being drawn into the orbit of the dense corporate agribusiness core. It will become apparent that I believe there is an important role for small-scale farming in South Africa, both as an antidote to increasing corporate concentration but also as a route to involving many more people in the economy, not just as passive consumers but as active agents and decision-makers. Agricultural

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1 For example the Alliance for a Green Revolution in Africa (AGRA) set up by the Gates and Rockefeller Foundations (www.agra.org), or the US government’s Feed the Future initiative (www.feedthefuture.gov), amongst many others.
restructuring has produced a small intensive core at the heart of the agri-food economy. But this also offers opportunities for restructuring the large periphery in ways that might produce greater social justice and economic opportunity.

2. Agri-food regimes and corporate concentration in the agri-food system in South Africa

An agri-food regime can be defined as a relatively long-lived set of institutional arrangements and social relations governing the production, distribution and consumption of agricultural products and food, linked to forms of accumulation globally (Friedmann & McMichael, 1989). Very schematically, three global eras can be defined historically. The first food regime was centred on European imports of wheat and meat from settler states, and the export of manufactured goods, labour and capital to these states between 1870 and 1914. This contributed to the culmination of colonialism and the rise of the nation-state system. Comparative advantage in the production of some agricultural products amongst colonised states created the first international division of labour in agriculture and underpinned a new phase of industrial development as industrial capital appropriated phases of the agricultural production process (Friedmann & McMichael, 1989).

The global food regime in the period of US hegemony (from around the Second World War to the early 1970s) was underpinned by the replication of the US national agricultural model in other countries and the integration of national markets into a global agri-food system. Replication included the development of livestock-grain complexes and the introduction of national, publically-resourced research and development centres. Integration took place on the basis of national regulation, import controls and subsidised export of surplus commodities, and imports of US feed, equipment and chemical inputs (Friedmann, 1993).

A third, corporate, food regime (McMichael, 2005), from the 1970s until the present, is characterised by increasingly global regulation first through the General Agreement on Trade and Tariffs (GATT) and then the World Trade Organisation (WTO), trade driven by import demand from Asia rather than subsidised exports especially after 1991, a more polycentric trade regime where countries trade more with one another and the role of the US is reduced (although by no means eliminated), a growing emphasis on agro-industry in some countries (e.g. Brazil, Argentina, China and other Asian countries) to support local production of inputs rather than imports both for agricultural production and for agro-processing (Friedmann, 1993). An "unprecedented conversion of agriculture across the world to supply a relatively affluent global consumer class" (McMichael, 2005:277) and a convergence in patterns of consumption characterises the downstream end of corporate food regime. This is closely linked to the rising control of finance capital and the subordination of food restructuring in indebted third world countries to the repayment of international debts through agricultural exports (Friedmann, 1993). Critically, it also includes a shift from nation-state to private, corporate regulation (McMichael, 2005). Deregulation, new technologies in food processing, and information technology giving rise to fundamental changes in logistics and supply chain management all advance the power of food retailers. Buyers gained power in commodity chains as a result of deregulation by government (including in finance) and reregulation favouring the rapid circulation of financial capital.
Agri-food regimes are not necessarily stable and may have fundamental contradictions. But instability and contradictions are managed for a time through a dynamic set of institutional and social relations and distributions of power. The concept of a regime is used to discuss the connections between the social structure of accumulation in the agri-food system and broader processes of capital accumulation at a global level. But it has implications for national agri-food structure and processes of change. The regime defines the global context in which national level agri-food system change and restructuring takes place. Gelb (1991:11) defines a national growth model as the specific expression of the regime of accumulation within the boundaries of a single nation state. National systems are integrated into global systems functioning to produce and circulate food, and therefore adopt at least some of the mechanisms and systems of operation of the latter.

There have been some critiques of the regimes approach. With reference to agriculture, these are mainly based on the limited value of the uncritical application of industrial restructuring literature to the agri-food system. Goodman and Watts (1994) are particularly critical of attempts to apply the Fordist/post-Fordist couplet to far more heterogenous processes of agrarian change. They also question whether a descriptive list of attributes is adequate to assert the existence of a new regime of accumulation. They propose that the pitfalls of using the Fordist/post-Fordist binary might be circumvented by asking how the organisation of agricultural production and rural space change under different regimes of accumulation and modes of social regulation (Goodman & Watts, 1994:15). Criticisms notwithstanding, there does seem to be some value, and significance, in developing broad categorisations that can explain the structuring and restructuring of production and consumption relations.

Corporate concentration in South Africa

Every country has a unique pattern of development. National systems form the basis for the circulation of capital globally, and are in turn shaped by these global flows. South African industrialisation was based on the discovery of gold and the importance of gold in the global economy in the era of British hegemony. Subsequent development relied on imported technologies from Europe and the US in particular. In agriculture, South African development was closely linked to developments outlined in the second food regime above, i.e. the construction of a livestock-grain complex at the centre of a national production system, the creation of a national research and development infrastructure, and heavy reliance on imported chemicals and capital equipment to increase yields and facilitate capital accumulation. Similarly, the agri-food system (defined as the social structures and mechanisms of regulation that enable the accumulation of capital through the production and distribution of agri-food commodities) has undergone similar shifts to those described in the third, corporate regime.

Agriculture in South Africa has undergone significant restructuring since the 1980s in particular, although the roots can be traced to financial deregulation in the late 1970s as a result of the De Kock Commission (Bayley, 2000). This was coupled with a deregulatory stance following the 1972 Reyners Commission which suggested a shift from an import substitution strategy to an export orientation (O’Meara, 1996:178). During this period, South Africa experienced an economic slowdown that turned into an ‘organic crisis’ in the 1980s (Gelb, 1991), leading to efforts to reduce state expenditure, including privatisation and limitations on state subsidies. These broader processes affected agriculture.

South Africa has a sophisticated agricultural production system integrated into the broader economy. This was built historically on the basis of extensive state support to white agriculture
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Agricultural restructuring was already well under way at the time of negotiations for political democratisation in the early 1990s, part of longer processes driven by the needs of a ‘modernising’ elite within commercial agriculture who sought to expand markets with less state regulation, and the rising power of the retail corporations which supported deregulation. These processes tied in to what came to be termed neo-liberal restructuring on a global level, characterised by financial deregulation and the rising power of financial capital, withdrawal of the state from direct interventions in production and marketing, and trade liberalisation. By the time political power was transferred to the ANC, these processes were very advanced within South Africa.

Thus although the link between the commercial agricultural lobby and the state was formally broken with political democratisation, this nomenklatura retained significant power in shaping the direction of agricultural and broader agrarian change, primarily in the form of assertion of their exclusive technical expertise. This took the form of an emphasis on the continuation of large-scale commercial production as the basis for national food security. It found echoes in the Congress movement’s general Stalinist antipathy towards small-scale agriculture and the peasantry and support for large-scale centralised production systems (Habib et al., 1998).

Proposals for reform of agriculture included reducing state involvement, including a decrease in budget transfers and deregulation of parts of the marketing system: removal of price controls and subsidies on some products, abolition of import controls, the reform or abolition of production quota systems, closure of some control boards, elimination of some single channel marketing schemes and other reforms all occurred before 1994 (Bayley, 2000:41). These were reinforced by South Africa’s signing of the Uruguay Round of the General Agreement on Trade and Tariffs (GATT) in 1993.

After 1994 these processes were continued, culminating in the overhaul of marketing legislation with the Marketing of Agricultural Products Act 1996. According to Bayley (2000:44) this was sparked by concern that concentrated food markets coincided with the existence of statutory controls. However, as with post-1994 competition policy, the new marketing laws did not break down existing concentration but rather opened competition for others. The passage of the Act removed any statutory basis on which black farmers could be given any special status in agricultural policy (Jacobs, 2009). In most instances small-scale producers anywhere along the value chains were not able to compete except in some niches. On the other hand, marketing reforms and liberalisation opened concentrated domestic industry to global competition where much larger entities were able to compete or acquire local businesses. The practical result was thus support for growing concentration as the growth model, despite Bayley’s claims that it was concern about over-concentration that stimulated reform. This can be shown in a number of areas, viz. privatisation of the co-ops without breaking up their concentrated power; trade and investment policy; and the marginal role in agricultural policy for small-scale farmer support, despite the political rhetoric.

**Privatisation of the co-operatives**

Co-operatives formed the institutional backbone of commercial agriculture in South Africa from the early 1920s, and under apartheid the co-ops were given a key role in managing statutory marketing systems. Although their primary function was the marketing of agricultural output, in
practice they came to function throughout value chains, from input and credit supply to distribution, sales and exports (Amin & Bernstein, 1996; Competition Commission, 2006:27).

Following the passage of the Co-operatives Amendment Act of 1993, permitting co-ops to expand their range of business and to convert into private companies, 90% of commercial co-ops converted to companies (Sikuka, 2010:12). Major mergers and acquisitions followed around the core of the former co-ops (Competition Commission, 2006 and various Competition Commission cases). The most notable of these include the formation of Pioneer Foods in 1997 following the privatisation and merging of Sasko (focus on milling and baking) and Bokomo (poultry, eggs, animal feeds and breakfast foods). Pioneer Foods went on to expand and diversify its range of business, including the acquisition of SAD Holdings in 2002, Golden Lay in 2004, John Moir’s (a division of Bromor Foods) in 2004, and Ceres (including brands Liqui-Fruit, Ceres and Fruitree) in 2007 to name a few. It is now one of the biggest four agri-food companies in the country.

Other prime examples are Afgri (the former Oos Transvaalse Ko-op – OTK) and Senwes (former Sentral-Wes Ko-op) which both operate across numerous markets including trading of agricultural commodities, handling and storage facilities, marketing of farming equipment, manufacture and distribution of animal feeds, operating retail outlets, and financial services (Competition Commission, 2008:61). After OTK’s conversion into Afgri, the company expanded its activities and made a number of acquisitions, including Laeveld Ko-op (2002), Natal Agricultural Co-op and Nened Oil Mills (2004), Daybreak Farms (2005), Rossgro Chickens in 2010 and Pride Milling in 2011. Senwes currently owns 25% of South Africa’s grain storage capacity. It recently entered into a joint venture with Bunge to form Bunge Senwes Africa, approved by the competition authorities in 2011. Bunge is one of the world’s largest commodity traders, and the world’s largest handler of soybeans (ACB, 2011). Senwes’s African footprint was a key factor in the formation of the joint venture. Afgri is also venturing into Africa, and currently has a presence in DRC, Zimbabwe and Zambia (Afgri, 2012). In 2013 Afgri and Senwes merged their wholesale and retail businesses in a joint venture (Competition Tribunal, 2013) called Hinterland.

Another example of agri-food concentration built on the back of the former co-ops is in the wine sector. Wine is currently South Africa’s largest agricultural export industry. Following deregulation in the 1990s, the wine industry was the site of major contestation over control of the pool of assets, involving KWV, South African Breweries (SAB) and the state, which resulted in the merger of Stellenbosch Farmers’ Winery (SWF), a co-op, and Distillers, a private company, to form a new company called Distell in 2000 (NAMC, 2002:18-19). Distell now dominates the wine sector as a buyer and processor. KWV has now become Capevin Holdings, an investment holding company with a 50% stake in Remgro-Capevin Investments Ltd, which in turn has a 58% share ownership in Distell2.

Other significant companies emerging from co-ops include Capespan in the citrus and deciduous fruit industries, as well as NWK, Kaap Agri and VKB, all mainly with regional power. Kaap Agri is assessed as being the controlling shareholder of Pioneer Foods mentioned above (McGregor’s, 2012). Zeder Investments has a significant financial stake in many former co-ops, including Kaap Agri, MGK Investments (formerly Magaliesburg Grain Co-op), Suidwes Investments (arising from Suidwes Co-op in parts of the Free State and North West provinces), Overberg

\(^2\) www.capevin.com
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Agri, Tuinroete Agri, OVK and NWK (Zeder, 2011). Zeder is an investment holding company controlled by PSG Group Ltd, a private equity company ultimately controlled by Jannie Mouton and Arch Equity (McGregor’s, 2012:474). Mouton is also a Director at Pioneer Foods and Steinhoff International, and had a net worth of US$400m at the end of 2012, according to Forbes'. In 2011, Zeder acquired majority control of Capespan (Competition Tribunal, 2011). In 2012 Zeder acquired controlling shares in Agricol, a plant breeding and seed company.

Coupled with the consolidation of the co-ops into private companies is increasing concentration amongst the big agri-business conglomerates that came out of apartheid, such as Tiger Brands (previously part of CG Smith), Premier Foods (formerly part of Anglo-American) and Foodcorp (with its roots in Ruto Mills and then Fedfood). Remgro, controlled by the Rupert and Hertzog families, has controlling ownership of diverse companies in the agri-food system, including Capevin, Distell, Rainbow Chicken, TSB Sugar, and a 25% ownership of Unilever SA (McGregor’s, 2012). Rainbow Chicken, just one of the companies in the Remgro stable, received approval from the competition authorities in early 2013 to acquire a majority share of Foodcorp (I-Net Bridge, 2013), which itself is the third largest food company in South Africa4. Johan Rupert of Remgro had a net worth estimated at US$6.6bn in March 20135. Concentration in input supply (especially commercial seed) and food retailing are spelled out elsewhere (ACB, 2009; Greenberg, 2010).

This concentration also produces rapidly increasing returns on assets (i.e. profit or surplus extraction). For example Tiger Brands’ margin in milling and baking rose from 15% in 2003 to 42% in 2006 at a time of rapidly rising food prices for consumers (Competition Commission, 2008:35). Concentration brought with it many forms of abuse of market power, from collusion and price fixing in fertilisers, bulk grain storage, baking, milling and dairy (Rakhudu & Bodibe, 2008) to retaining high food prices at retail level even after farm gate prices have dropped (Cutts & Kirsten, 2006).

Concentration throughout value chains affects primary production. The purpose of agricultural deregulation was to modernise the agricultural sector, shaking out those on the margins (on the assumption that these would be inefficient white farmers who had survived on the back of state protection) and enabling those at the centre to consolidate ownership of assets in the name of greater efficiency and lower consumer prices. Primary production experienced a decline from 61,000 to 40,000 commercial units between 1996 and 2007 (DAFF, 2012:6), and 20% of producers now generate 80% of output value (Kirsten, 2011:16). Liebenberg (2013:28) shows that while private companies owned just 0.6% of farm units in 2007 (237 farm units), these units generated 33.5% of total income in that year.

Many might question why economic concentration should be a problem. After all, economies of scale are seen as more efficient and are necessary for survival in the face of global competition. This is the dominant commercial view: ‘get big or get out’. This logic is therefore one that sees small-scale production as a hang-over from the past, and government policy encourages centralisation and concentration in the name of efficiency and lower food prices. However, as Aliber (2013) has suggested, over-centralisation and over-concentration may cause inefficiencies in some supply chains. It also reinforces passivity rather than agency amongst large numbers of people and intensifies social inequality.

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4 http://www.foodcorp.co.za/
5 http://www.forbes.com/profile/johann-rupert/
Trade and investment policy

Concentration in domestic agri-food markets is intensified with the opening up of the economy to global competition. In this competitive environment, it is necessary to grow in order to compete. The apartheid government adopted a policy of self-sufficiency, both to protect domestic industry but also in light of sanctions against South Africa especially after the Sharpeville massacre in 1960. Agri-food multinationals operated in South Africa under apartheid, for example Pioneer Hi-Bred and Monsanto in the seed sector, and Unilever, Coca-Cola, Nestle and Del Monte in the food sector. These companies were able to use their presence to consolidate their power after 1994, and liberalisation and deregulation saw a rapid expansion of multinational involvement.

With deregulation came a shift in policy towards a small, open economy. This became feasible in the context of the political resolution and political democratisation. It led to a policy shift from self-sufficiency to competitive advantage, with the expansion of food imports to reduce prices. South Africa was a signatory to the Uruguay Round of GATT which led to the formation of the WTO. This was negotiated before political democratisation, and saw the standardisation of trade regulation into tariffs which were to be reduced over time, and the opening of markets to some tariff-free entry. South Africa is part of the Cairns Group of exporting countries that lobbies for reducing tariffs and opening agricultural markets. The result was a smooth transition in trade liberalisation policy from late apartheid to the early democratic era, with agriculture under the helm of an NP representative. Thus the momentum of reforms started in the 1980s carried through.

The ANC in government emphasised the importance of foreign direct investment (FDI) to revive the circulation of capital in South Africa. Combined with trade liberalisation, this emphasis facilitated multinational expansion in South Africa’s agri-food system and growing investment in companies across the board by global equity and hedge funds. This investment is both direct and indirect, e.g. Standard Bank is now a major investor in food companies, and in turn is 20% owned by the Industrial and Commercial Bank of China. The result is a gradual dilution of local ownership. In such conditions, estimates of (often short term) profitability engulf political support for small-scale production or transformation and profits flow out of the country over time. There may be recognition by these investors or companies of government’s BEE policies and requirements, but this is locked into a corporate strategic orientation and has little to do with transformation of the economic structure beyond (minority) ownership or (commercially-defined) skills development of the workforce.

The result is growing foreign control of South African agri-food companies, including Illovo (Associated British Foods), Massmart (Walmart), Pannar (Pioneer Hi-Bred) and SABMiller (Philip Morris). Walmart’s entry into South African food retail is likely to stimulate further foreign acquisitions. Pick n Pay is the subject of ongoing rumours that it is next in line for acquisition. Speculation has identified Tesco from the UK and Woolworths from Australia (not related to the South African company of the same name) as potential buyers (IOL Business, 2011; Business Live, 2012). In June 2012 the Government of Singapore Investment Corporation purchased Spar shares and 54% of Woolworths’ shares are already owned by foreign funds (Business Live, 2012a). As with SABMiller, one of South Africa’s largest companies that was bought out by external interests, acquisitions at this level are driven by global competition and concentration with limited concern for domestic production or sourcing beyond that stipulated in government policy. This is the climate in which land reform and small-scale agricultural policies and plans are being formulated.
3. **THREE BROAD PHASES OF LAND REFORM**

**The first phase 1994-1999: On a wing and a prayer**

Up to 1999 land reform was basically designed to get groups of former dispossessed people onto the land, using the Settlement and Land Acquisition Grant (SLAG). The mechanism was to acquire commercial farms on sale by willing sellers (i.e. using a market-based process) for transfer to beneficiaries. The latter were generally groups because individual grants were not enough to buy land, so grants were pooled. Land redistribution was heavily constrained by the need to buy the land first, and limited resources and know-how to use the land productively, or even for settlement, once acquired.

The focus of restitution was on returning people to the land they had been forced off in the past. Sometimes there were large numbers of people. Although laws and policies very clearly defined land owning institutions (communal property institutions in the form of Communal Property Associations (CPAs) or Trusts), there were seldom detailed or defined institutional arrangements for production. Support to create business plans was often provided (through outsourcing to private consultants who had no stake in the outcome), but these were based on a commercial model of farming and the expectation was that beneficiaries would work on the farms collectively and distribute the proceeds fairly amongst themselves.

The experience was that few beneficiaries moved onto the land, and those who did had limited resources for production or even to establish settlements with acceptable standards (e.g. with water, electricity, housing, access to health care facilities and schools) (Hall, 2007). This was made worse by the failure of government institutions to transfer grants that were meant to assist in getting business plans going. This problem was by no means limited to the first phase of restitution. In the middle of 2010, government owed R3.4 billion in outstanding payments of post-settlement grants to restitution claimants (Phakathi, 2010). This produced widespread conflict and infighting with no conflict resolution support forthcoming, and many CPAs became dysfunctional. The basis of restitution was the return of land to large groups of people, and this underpinned intractable problems in relation to productive use of the land.

On commercial farms, two main approaches were adopted in the first phase. First, labour legislation was extended onto commercial farms for the first time, encouraging processes of modernisation of commercial agriculture and a shift from paternalist relations between workers and land owners/farm managers to an arm's-length corporate human relations model (du Toit, 1992). This was uneven, and built on the premise that farm workers would be able to organise into trade unions to secure their rights. However, this was not to be. Restructuring of agriculture led to a reduction in the permanent workforce, and this was coupled with the increasing use of precarious labour (casual, seasonal and labour contracting) and the movement of workers off farms as a mobile workforce located in informal settlements around rural towns (Ewert & Hamman, 1996; CRLS, 2003; du Toit & Ally, 2003). Unions and other worker support organisations faced tremendous difficulties in organising workers both on farms (e.g. distances between farms, lack of access, inappropriate union strategies based on recruitment of male, full-time workers) and off farms (fragmentation of the workforce and a multiplication of livelihood strategies that splintered and shifted identities). The trade union model is also not necessarily the most appropriate organising form on farms, where work and home issues are combined. Workers encountered many fly-by-night operations, paying membership fees and then never seeing their supposed representatives again. The unions on the farms tended to operate on a

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*See, for example, work done by the Legal Entities Assessment Project (LEAP) www.leap.org.za*
top-down organising model. The overall result was limited organisation on farms and thus limited ability for workers to secure their legal rights.

From a land point of view, legislation in the form of the Extension of Security of Tenure Act (ESTA) was passed to secure the tenure of some categories of farm dwellers: those who had lived on the farm for more than 10 years and who had reached the age of 60 could remain on the farm until death. The law meant to regulate evictions, but allowed evictions for business purposes (i.e. if the land owner was ‘modernising’ their operations and workers were no longer needed). Contrary to intentions, the law exacerbated the trend to moving the workforce off farms. Wegerif et al. (2005) showed that more workers were evicted between 1994 and 2004 than acquired land through land reform.

The Labour Tenants Act (LTA) was passed in the first phase to secure ownership of land to those who had historical labour tenant rights. Labour tenancy is mainly concentrated in southern Mpumalanga and northern KwaZulu-Natal, and the law applied to a relatively small number of farm dwellers. There was very limited land transferred through this programme and high rates of evictions or threats of eviction in these areas. No legislation was passed to enable farm dwellers on commercial farms to gain secure access to land for production and form part of the base of small-scale farmers. Although land reform policy mentioned farm workers as a target group, this did not materialise.

The communal areas, where up to 40% of South Africa’s population still live (Hemson, et al., 2004:5), witnessed the collapse of the formal tenure system based on the Permission to Occupy (PTO) certificates under apartheid, where traditional authorities worked with magistrates to allocate land. Given the deep roots of this system, it persisted even though it had no legal foundation. But it was not replaced with any other system. This related to the role of chiefs in the ANC’s political logic, which was at least partly one of control of political power in the rural areas. The formation of the Congress of Traditional Leaders in South Africa (Contralesa) spearheaded ANC efforts to draw traditional authorities into the ambit of the ANC (Ntsebeza, 2005). The first phase saw a policy blockage as these building blocks of a new coalition of social forces were put in place.

The Mbeki era circa 1999-2007: Modernisation and market triumphalism

During the Mbeki era, the focus of land reform shifted from the welfare-type group projects characterising the first phase towards an orientation on land reform for commercial production. This took the form of the Land for Agricultural Development (LRAD) programme. LRAD emphasised individual and household beneficiaries for redistribution, although restitution remained stuck in the group framework. LRAD beneficiaries were to be involved in the co-financing of projects, and the model was based on entrepreneurialism with limited additional support. This was the heyday of neo-liberalism and the era of ‘narrow-based’ black economic empowerment (BEE) which the trade unions and others critiqued for using state resources to create a small elite at the expense of broader processes of economic democratisation (COSATU, 2003).

Later in this second phase, the National Spatial Development Perspective (NSDP) (Presidency of the Republic of South Africa, 2006) had a significant influence on state strategies for rural development, even though it was generally more concerned with building the urban economy. The NSDP was essentially an argument for urbanisation and leaving rural areas to commercial
agriculture. It identified 26 national focal areas for concentrating investment, which were all urban, given the methodologies used to identify these areas (based on historical GDP). The NSDP argued for state support to the rural population either in the form of welfare for those who would not be able to leave, or training to enable those who could potentially leave to move to urban areas to find jobs. The NSDP incorporated a command from above for provinces, districts and municipalities all to follow the national lead by drawing up their own spatial development frameworks (SDFs), identifying nodes for priority investment. A key problem with the whole approach is that jobs were not being created in urban areas to absorb newcomers, and although the rural population is declining as a proportion of total population, it is still rising in real terms. Land reform was very marginal in the NSDP, and there was a clear emphasis on large-scale commercial production as the fundamental pillar of the rural economy. The SDFs were generated down to municipal level as roadmaps for investment and integrated into the IDPs. Even if this vision no longer holds in government, it continues to shape investment planning at local level in the present.

On commercial farms the policy remained limited to ESTA and the LTA, with the addition of minimum wage legislation for farm workers, highlighting the focus on job creation through formal employment. There were no further efforts to transfer land to farm dwellers. There were some discussions on agri-villages, an approach favoured by commercial agriculture (AgriSA, 2011). In the agri-village concept, farm dwellers were to be moved onto land purchased for the purpose of settlement and possibly some small-scale production/food gardens, with inhabitants drawn on by commercial farmers as and when required. This conjures up images of mini-homelands conveniently located for easy access by employers. Some examples were set up, but generally there was no agreement and agri-villages have not yet been adopted as national policy (see Republic of South Africa, 2010).

In the communal areas, the second phase saw the passing of the contentious Communal Land Rights Act (CLRA) which essentially consolidated the power of traditional authorities over their subjects, with traditional authorities to hold land on behalf of ‘communities’. The law was, however, taken to court where it was eventually struck down as unconstitutional in 2010.

The post-Polokwane era 2007 to present: A new dawn for land and agrarian transformation or more of the same?

The National Land Summit in 2005 had taken a resolution to review the ‘willing buyer, willing seller’ model of land reform, and identified the twin problems of slow pace of land redistribution and lack of productive use of the land (PMG, 2005). The third phase was launched with an acknowledgement of the failures of land reform, with new Rural Development and Land Reform Minister Gugile Nkwinti being widely quoted as saying “more than 90% of [land reform projects] are not functional, they are not productive... That land has been given to people and they are not using it. No country can afford that” (quoted in Sapa, 2010). The extent of this was perhaps overstated and the definition of success or failure hinged on a narrow economic definition. Following from the Land Summit, the ANC’s 52nd National Conference in 2007 (ANC, 2007) called for the pursuit of a small-scale farmer strategy and to need to quicken the pace of land reform.

The Proactive Land Acquisition Strategy (PLAS) was developed to enable the state to buy land and hold it for transfer. More recently this led to policy proposals for ‘right of first refusal’ by the state in the 2011 Green Paper on Land Reform. The third phase saw an increase in land reform

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7 Constitutional Court 2010 Tongoane and Others v National Minister for Agriculture and Land Affairs and Others 2010 (6) SA 214 (CC)
budgets beyond inflation, but this is moderated in the context of the rapid escalation of land prices during the property boom until 2008 (Aliber, in Greenberg, 2010:5). These actions respond to the perceived problem of insufficient land on the market to meet demand through the land reform programme, and insufficient resources to purchase available land. The production support emphasis in the DRDLR focused on the recapitalisation of inactive land reform projects.

These responses failed to take into account two key problems bedevilling land reform. The first was the deep-seated institutional problems within the DRDLR (formerly DLA), including high staff turnover and loss of institutional memory, insufficient staff numbers, distance from the ground (mainly provincial offices), internal corruption, and inefficient outsourcing of core functions (e.g. legal support). The second was the broader obstacle to land access that a market-based approach engendered. Existing land owners can control the pace of land reform through being unwilling sellers. Either the state cannot buy the land, or it must go through long-winded legal procedures to acquire the land through expropriation with compensation, which is open to appeal all along the way. While right to first refusal gives the state more leeway, it remains caught in the dilemma of spending scarce resources on buying highly priced land from owners who have drawn decades of benefit from that land at the expense of those who were forcefully expropriated in the distant past.

Land is much more central to Comprehensive Rural Development Strategy (CRDP) than it was in the earlier rural development frameworks. It emphasises land transfer to the “rural poor”, appropriate support for productive use of land and promotion of agricultural co-ops throughout value chains. However, it is also geographically constrained as the ISRDP was, and focuses on household and ward level interventions. In the document ‘rural development’ is understood as investment in economic and social infrastructure (which can well be another way of talking about welfare or service provision), to be implemented alongside land reform and agricultural support as explicit components (DRDLR, 2009). It is built around piloting (with the danger of more Potemkin villages), with plans to expand to another 160 sites over 5 years to reach 1.9m people, less than 10% of rural population (DRDLR, 2010:10).

The emphasis is on ‘community-led’ approaches, a term which “may clothe a straightforward market-led land policy” in contrast to social movement led approaches built around a politics of contention (Borras & Franco, 2012:10). Target communities are identified on the basis of ‘poverty nodes’, which inevitably are in the former homelands. From a land reform point of view, the focus is on improving secure access to land in communal areas, with the concentrated power of commercial agriculture left intact. Farm dwellers and inhabitants of informal settlements in commercial farming areas remain outside the programme. In this, the CRDP represents a continuation of the logic of the NSDP. The Green Paper on Land Reform (DRDLR, 2011) provides a good overview of the historical context and the challenges of the past years, but its practical proposals tend to focus on state institutional arrangements and the paper fails to specify mechanisms for the redistribution of land.

On commercial land, there is still no movement on considering land redistribution to farm dwellers on the farms they lived and worked on. The ‘willing seller, willing buyer’ model means farm dwellers still have no possibility of gaining secure access or ownership of land where they live unless the land owner is willing to sell. In most cases land owners remain unwilling. For farm workers, land reform thus still forces a choice between wage labour on the farms and farming on land reform land elsewhere (if they are able to access the programme). In communal
areas, the striking down of the CLRA required the government to restart the process of developing legislation governing communal tenure. Nothing public has been released to date, thus continuing the vacuum that has existed since political democratisation.

The design of land reform has not facilitated the development of small-scale agriculture, despite the rhetoric favouring this approach. Land has not been transferred quickly enough and appropriate support for the productive use of that land has not been forthcoming. In part this is the product of contradictory and competing conceptions of the role of small-scale agriculture. Instead of advancing a clear agenda, government has tended to be swayed by the most powerful social forces. In agriculture, so far these forces have been commercial farmers and increasingly corporate agribusinesses.

4. TWO COMPETING VIEWS OF SMALL-SCALE AGRICULTURE

Land reform should not automatically be equated with support for small-scale production. Indeed, in the first phase of the South African land reform programme, there was no real conception of a link between land reform and production aside from a vague idea that land reform beneficiaries might use the land to produce food for themselves. Although small-scale farming appeared in the ANC’s Reconstruction and Development Programme (RDP) and associated policy documents in 1994, these positions were not followed through. The ANC’s 1994 agricultural policy document (ANC, 1994a) spent a lot of time discussing support to emerging small-scale black farmers. But potential black farmers in South Africa had little access to land and land reform was a necessary precursor to rebuilding a substantial small-scale black farming class. Land reform was situated as the “central and driving force” of rural development in the RDP (ANC, 1994:20), and the ANC called for a 30% transfer of ownership of agricultural land in the first five years of political democracy (ANC, 1994:22).

But the land reform programme was not designed to facilitate the expansion of this category of producers amongst beneficiaries, and support for black farmers was very patchy for at least the first decade after political democratisation. Budget analysis shows a sharp decline in support for agriculture as a whole, which only started increasing in real terms from 2003 (Greenberg, 2010:2). In 1998 the total agricultural budget was only 46% of what it was in 1988 (Vink, et al., 2012:5). This was a product both of the withdrawal of the state from agricultural support in particular, but also the general shrinking of government expenditure as the ANC tried to contain the debt overload inherited from apartheid (Hirsch, 2005).

But there was an even more fundamental underlying issue. Neither civil society land organisations nor the commercial agricultural lobby prioritised small-scale agriculture. Most of the land NGOs were built on resistance to forced removals, based on a master narrative of ‘loss and restoration’ (Walker, 2008), leading them to prioritise restitution and tenure reform and a ‘rights-based’ approach (Cousins, 2013b) and certainly were not driven by agricultural production concerns. For their part, commercial farmers were caught in the flow of the restructuring and deregulation that sharpened competition and raised the importance of economies of scale. Without a significant and active constituency lobbying for small-scale farmer support, it is unsurprising that government did not orient their policies in this direction.

Sophia Murphy (2012:15-20) offers a useful typology of approaches to small-scale agriculture in current discourse globally (Table 1). The first approach views small-scale agriculture as an anachronism due to fade out of existence as the rationality of large-scale agriculture spreads. The second and third are variants of approaches to bring small-scale farmers into markets dominated by large-scale commercial production, either as a poverty reduction exercise (while large-scale production will take care of the fundamentals of food production) or through niche
markets where small-scale production may have competitive advantages (e.g. in labour-intensive horticultural production).

Murphy’s fourth and fifth types remain far off the agenda in the mainstream approach to small-scale black agriculture in South Africa: the fourth type considers small-scale agriculture as making business sense in its own right, and seeks to support the expansion of small-scale agriculture as a competitive alternative to large-scale agriculture in the market. The fifth approach aims to contest the logic of market-driven agricultural production and looks to small-scale production as an alternative to capitalist systems of production and reproduction as a whole, rooted in food sovereignty.

Based on Murphy’s typology, the RDP – and current mainstream thinking about small-scale agriculture – is clearly situated in the second and third variants, which see a minor role for small-scale agriculture in reducing poverty and possibly integrating a thin layer of commercial producers into formal markets, but which continues to view large-scale, increasingly concentrated production as the basis for food security in the future. I’ve drawn out the aspects of Murphy’s typology that deal with the different economic orientations or logics. However, the various reasons for supporting small-scale agriculture is ‘politically over-determined’ (as Andries du Toit has expressed it) in South Africa and do not necessarily have coherent economic logics underpinning them. Nevertheless, it is possible to allocate different positions broadly within economic logics.

**Table 1: Typology of approaches to small-scale agriculture**

<table>
<thead>
<tr>
<th>Yesterday’s economy</th>
<th>Agriculture to reduce poverty</th>
<th>Room in the shade</th>
<th>Small scale = good business</th>
<th>Food sovereignty and ‘right to food’</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture mostly irrelevant to a modern economy</strong></td>
<td>Food should come from mix of small-scale and industrial farms in short to medium-term</td>
<td>Small-scale producers as a vital and necessary part of agricultural production, but also a minority</td>
<td>Exploit/work with small-scale producer attributes</td>
<td>Agriculture and rural economies are at the heart of development</td>
</tr>
<tr>
<td><strong>Aim for less than 2% employment in agriculture</strong></td>
<td>Governments should aim at a slow transition to less than 2% employment in agriculture</td>
<td>Focus on Entrepreneurs</td>
<td>Small-scale producers are the majority and likely to remain so for some time</td>
<td>Small-scale producers should grow our food</td>
</tr>
<tr>
<td><strong>Food should come from industrial producers</strong></td>
<td>See roughly 25% of current small-scale farmers as viable</td>
<td>Small-scale producers as basis of the rural economy</td>
<td>Diversity and small-scale over mono-crops and industrial-scale production</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Murphy, 2012*
In South Africa there are two competing views of the role of small-scale farming. The first is the mainstream approach adopted by agribusinesses and the commercial farming lobby. This is fundamentally based on the first of Murphy's types (yesterday's economy): large-scale commercial agriculture is the basis of food security, and economies of scale are a commercial imperative in the current global context (AgriSA, 2010). Small-scale agriculture doesn't really have any meaningful role to play except maybe as a poverty reduction exercise. Since democratisation, government has not shown any substantial disagreement with this. Adopting a food security framework, government has emphasised the provision of social grants as a way of enabling the poor to access food through purchase. Government support for food production has followed two paths: food gardens as a welfare strategy run not by the Department of Agriculture but by the Department of Social Development as an adjunct to the provision of social grants; and very weak, fragmented and partial support for the development of black farmers.

Post-1994 government policy, from the RDP onwards, recognised the bifurcated character of South African agriculture, between a dominant white commercial sector that produced most of the output, and on which food security depended, and a scrappy black 'subsistence' or (later) 'emerging' farm sector that needed support to grow. Two beliefs lay beneath the resulting policy: i) that large-scale commercial sector is essential for food security in South Africa; and ii) that small-scale farming is either only good for subsistence/welfare or that a small section of these farmers can be supported to intersect with the large-scale commercial sector.

The ANC in government supported the continuation of the commercial agricultural restructuring process without consideration for the impact on the creation of a black farming class, whether large-scale commercial or small-scale. Indeed, the logic was that deregulation would produce greater competition and open markets to new black farmers. Bayley (2000:58) argues that it was well understood that "market deregulation was necessary but not sufficient to realise government’s policy goals for the agricultural sector". Amongst other things (trade policy consistent with domestic policy and a strong competition policy) he argues that "targeted assistance to small-scale farmers (whether land reform beneficiaries or located in the former homeland areas) was necessary to integrate them into the mainstream economy". It is possible then to lay the blame for failure to develop a black commercial farming class at the door of government, and to sidestep the role of entrenched and concentrated private power in value chains and markets. The analysis in this paper suggests we look at weaknesses in both state and market to address transformation issues, not least because state and market/private power are intertwined.

A related strand of thinking about small-scale agriculture sought to redefine small-scale farmers on the basis of turnover: hence 56% of white commercial farmers can be considered to be small-scale producers if R500,000/year turnover is taken as the cut-off point (Kirsten, 2011a). Here we can see a shift to 'room in the shade' on the basis that the large number of white commercial 'small-scale' farmers remains important, even if they contribute a declining share of the overall output. There are additional issues of the multifunctional value of retaining this large periphery of small-scale farmers, such as landscape maintenance and rural employment (although the latter is controversial, given the poor quality of these jobs as indicated in the report on farm worker wages and living standards highlighted by BFAP, 2012). This approach does attempt to depoliticise or deracialise the question of small-scale agriculture (albeit by sleight of hand, without doing anything to alter the agrarian structure or address past injustices). But of significance here is that it remains based on the assumption that the corporate core must remain untouched as the bulwark of food security in South Africa.

However, the ANC simultaneously had a political agenda to increase black ownership in the economy (even if its policies did not achieve this in practice). Sections of white business
recalled the importance of realising this agenda even before the end of apartheid. This recognition was closely tied to the political legitimacy the ANC could bring to processes of economic restructuring. The issue was how the ‘justice’ agenda could be contained within a framework of markets and capitalism. In agriculture, there was agreement between the major farmer associations (the South African Agricultural Union (SAAU), which converted into AgriSA, and which represented the core of the nomenklatura) to set up trusts to receive the assets of control boards which were being disbanded. Farmer associations had originally argued that assets belonged to farmers as a collective; while the ANC argued that state support historically meant they should be treated as public resources. A compromise was reached in the form of the trusts, which would use the assets to the benefit of the sectors they had been built up in, including support to black farmers. But the 1996 Marketing Act did not prescribe the precise nature of the structure of trusts, leaving it open to power struggles in each sector (Bayley, 2000:50, 62-65).

White business responded unevenly to the requirement for political legitimacy of economic restructuring processes. Not all were happy with any idea of economic sharing and tried to minimise this. But generally there was a strategic recognition of the need to engage with the government agenda to stabilise the social structure of accumulation. Ultimately it was in the interests of white business that government was able to maintain political control.

Political pressure – from events in Zimbabwe and from inside South Africa, both on the basis of the ANC’s political imperatives and to some extent through civil society mobilisation around scrapping the willing buyer, willing seller land reform model - saw agribusiness efforts to move more forcefully onto the terrain of black farmer support. The notion that large-scale commercial agriculture formed the basis for food security remained: indeed it was reinforced by the fact that agribusiness appeared better at developing workable solutions to black small-scale farmer support than the state. But there was renewed effort to integrate black farmers into niches, especially using a contract farming model based on experiences in sugar cane, poultry and cotton (even though the long-term sustainability of these was questionable; see for example Dubb 2013 on sugar and Pschorn-Strauss, 2005 on cotton).

There was therefore a gradual shift to supporting black small-scale farmers, first through corporate social initiative (CSI)-type interventions focused on welfare on the margins (e.g. supporting food gardens) but later also through strategies of integration into formal value chains in some niches. This included mentorship to ‘train’ black farmers in capitalist production techniques, and integration into supermarket value chains in particular where small-scale production could meet required production standards with necessary technical support (e.g. fresh produce). Grain SA provides a very good example of these efforts, utilising its central position in the livestock-grain complex to leverage both corporate and state/parastatal resources (such as Agricultural Sector Education and Training Authority levies) to facilitate black commercial farmer development in the image of commercial white farming (Grain SA 2013). Thus business moved between similar poles to government, between support for small-scale production as a welfare intervention and recognition of possible synergies between small-scale producers and corporate profitability in defined markets. More recently this has taken the form of public-private partnerships as government and the private sector find common ground around building a layer of commercial black farmers.

Two big cases at the Competition Commission have shown these processes in action. In the Pioneer Hi-Bred-Pannar acquisition in the seed sector, Pioneer’s desire to create an
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‘international research and technology hub’ for hybrid and genetically-modified (GM) seed production in South Africa for the southern African region was spun as a strategy to support small-scale black farmers to access better quality seed, and to create research capacity in South Africa to further these aims (Competition Appeal Court, 2012). In the Walmart-Massmart acquisition, Walmart agreed to a R100m supplier fund to assist local suppliers, including farmers, to meet the requirements for contracts with Walmart. It should be noted that both of these were strategies already being planned by the multinationals, and that they were merely spun as specific to South Africa’s requirements. A pilot in Limpopo aimed to support black farmers to sell to Walmart stores, and Walmart facilitated visits to Costa Rica for the Department of Agriculture, Forestry and Fisheries (DAFF), including the Minister, to showcase their small farmer integration model. DAFF initially opposed the unconditional acquisition during competition hearings, arguing that it would undermine efforts to build a supply base in South Africa. A Farmer’s Weekly story in July 2012 shows photographs of DAFF Minister Tina Joemat-Pettersson wearing a Walmart cap on the sponsored tour. This epitomises the confluence of government and private sector agendas on the issue of building small-scale farmers. Joemat-Pettersson subsequently reversed her Department’s initial opposition to the acquisition, saying “DAFF is pursuing a strategy of linking small producers to sell their produce directly to the major retailers such as Walmart, Pick n Pay, Spar and other retailers. We are proud to be part of a partnership with Walmart/Massmart. Their programme offers the most comprehensive kind of assistance to smallholder farmers to my knowledge by a corporate company” (Joemat-Pettersson, 2012). While there may be value in these initiatives to link small-scale black farmers into markets, questions remain about whether and how these interventions contribute to transforming the agrarian structure and agri-food systems to the benefit of the vast majority of producers who will remain outside these production contracts.

Despite these partnerships and pilots to integrate small-scale farmers, they mostly remain on the margins. We are confronted again by the strong belief in the commercial agricultural sector that increasing scale is the only way rational forward in the face of global competition. Given government’s push for small-scale production, and the recognition of possible profitable interactions by the private sector in small niches, a small-scale approach is developing that does not challenge the inherited economic structure. Government itself does not have a vision outside the dominant framework of corporate agriculture with some smallholder integration where possible. Generally, these processes can be viewed as transformation from above: controlled process of selection of farmers and support to meet standards of quality, volume, etc defined by the corporate sector.

On the other side of the divide are those who argue that small-scale agriculture has potential to make a sustainable contribution to improving rural livelihoods. Ben Cousins is probably the most prolific exponent of this argument that small-scale agriculture has potential, while recognising that agriculture is only one component of livelihood strategies and needs to be combined with support for other non-agricultural income-generating or livelihood activities. Subdivision of land and appropriate support, including developing local market infrastructure, are key to realising this potential (Cousins, 2013a; Cousins, 2013c). To some extent the government’s National Development Plan (NDP) pushes a similar argument, although the agricultural plan was designed to meet a pre-defined target for jobs created (1 million new jobs), and it is uncertain whether the proposals there are feasible given the global context of competition or the capacity in the Department of Agriculture. What distinguishes Cousins’ approach from the NDP is that the former is based on transformation from below (or what Cousins terms “accumulation from below”), whereas the NDP still sees the driving force as being government and commercial producers from above.
On the outer edge, some NGOs and local small-scale farmer associations have taken up the call for food sovereignty. Their argument is based on the social and ecological importance of a diverse production structure, with many people involved in productive activity. Food sovereignty is presented as a fundamental challenge to the corporate agrofood structure. Globally the argument is strongest where there are large, organised constituencies of small-scale and family farmers advocating in defence of agri-food systems threatened with displacement by corporate encroachment. In South Africa, that encroachment took place decades ago and the challenge for the food sovereignty movement in South Africa is to rebuild some kind of small-scale family farm sector that incorporates a critical analysis of the existing agri-food system. In many countries where the concept of food sovereignty has taken root, the material base for such a movement currently exists in the widespread reliance on small-scale producers for food. In South Africa the material base has to be constructed along with the discourse. Government has ventured into this territory with the drafting of an agroecology strategy (DAFF, 2012a). But the strategy is not very clearly defined and drafts so far mainly offer a catalogue of production practices without any clear idea about how the strategy will relate to conventional agriculture and the dynamics of corporate controlled agri-food chains. It tends towards identifying agroecology with organic agriculture and adopts a niche market approach. There is also concern that the strategy is the pet project of one or two officials and does not have broader institutional buy-in. Nevertheless, it opens room for dialogue and does provide a potential platform for an agroecological strategy based on small-scale producers.

**Land reform and small-scale agricultural production**

Land reform as it unfolded was not designed to build small-scale production in any meaningful way, and remains ill-equipped to do so. Market-based redistribution (‘willing seller, willing buyer’) is the first constraint to a small-scale farmer strategy. In phase one it resulted in groups acquiring land not for any purpose other than this being the only way to accrue enough money to purchase the land. There was little consideration of how the land would be used. The result was a combination of settlement and some production, but with no production support. Beneficiaries were essentially left to get on with it themselves. Individuals in the groups sometimes did not even know each other before the land reform, sometimes causing competing visions and internal conflict.

There are further two interconnected constraints built into the conceptualisation of land reform that has carried through all the phases. The first is the particular type of commercial orientation constructed on the basis of the notion of ‘viability’ (Cousins and Scoones, 2010) and efficient land size. Outsourced business plans have been built on this notion of viability regardless of what beneficiaries might have wanted to do on the land. The second and related constraint is the persistence of the transfer of entire commercial farms rather than the breaking up of these farms and the provision of appropriate support to enable smaller scale production, whether for own use, commercial production or a mix of the two. Some historical research shows how commercial farm boundaries were not set up with economically viable size in mind. Rather, large units were established, especially in ‘border’ areas, to act as a buffer between white settlers and areas still under African control (most of which became the core of the homelands) (Greenberg, 2011).

These dimensions of the land reform programme made more sense in the second phase, where the focus was on trying to build a black commercial farming class based on the historical large-scale white farming model inherited from apartheid. This aimed to replicate the commercial
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agricultural system merely with change in racial ownership, and was the first round of BEE which was later widely criticised as supporting the rapid enrichment of a very small elite.

The Integrated Sustainable Rural Development Programme (ISRDP), launched in 2000, did suggest the need for land reform for small-scale farming, proposing that “a land reform program that allows small farmers with low or moderate incomes to purchase entire large farms (in sections) or under-utilised portions of large farms contributes to agricultural growth and stimulates the local economy more than would agricultural growth from the large farm sector” (ODP, 2000:22). However this idea only filtered through to the land reform programme in selective fragments: land reform continued to transfer large farms, which aligns with one part of the ISRDP proposal (small farmers to purchase entire large farms), but did not adopt the next step of subdividing large farms (sections or under-utilised portions). This was one of the fundamental inconsistencies between the land reform programme and a putative small-scale farmer strategy (Lahiff, 2007).

Despite the apparent shift in focus in the third phase to embracing a small-scale farming model, policy proposals around land have not caught up with this. The transfer of whole farms continues. The Subdivision of Agricultural Land Act of 1970 remains in place despite a 1998 law repealing it. The original Act aimed to prevent subdivision of agricultural land into unviable economic units, but the repeal Act argued that it is not appropriate for government to interfere in the determination of the size of agricultural land. Instead, this should be left to the agricultural sector, land users and the market, because there are other zoning mechanisms to protect valuable agricultural land. Government recognised that the original Act interfered with land reform in particular, and thus agricultural land subdivided for land reform does not have to comply with the legislation (Franz, 2010:67-8). However, this only makes it more surprising that the state has failed to utilise the Repeal Act as well as the Development Facilitation Act and other pieces of legislation (such as the Draft Sustainable Utilisation of Agricultural Resources Bill of 2003) to divide farms up to facilitate small-scale production. As a result, despite the rhetoric of support for small-scale farming and widening the productive base, land reform in practice has produced minimal change to the agrarian structure.

Smallholder farmer support

In 2007 the ANC resolved to “implement large-scale programmes to establish new smallholders and improve the productivity of existing small-scale and subsistence farmers”. More than five years later, what has come of this?

Support for small-scale farmers refers specifically to support for black farmers who have had to break in to established markets controlled by entrenched interests. As indicated above, this is caught between welfarist and corporatist dynamics. The majority of small-scale farmers are seen as subsistence producers, with support oriented to providing basic inputs (seeds, tools, in some cases fencing) with no consideration of markets. Then some support is provided to ‘scale up’ black farmers to compete in the market with white farmers. Farmers in homeland areas are gradually being recognised as having some market potential. However, until recently they have generally been ignored as the apartheid institutional support structure was dismantled and bantustan agricultural schemes established under late apartheid consequently collapsed. Of most importance here are the irrigation schemes (van Avebeke et al., 2011) and bantustan agricultural development corporations (Mthethwa & Callear, 1996; Johnston et al., 1997).

The logic was that deregulation would open space for new entrants into the market, including in downstream activities (milling, processing), with the expectation that ‘the market’ would deliver with minimal intervention. However this failed to take into account growing
concentration that meant any new entrants were forced to compete with entrenched powerful businesses. In this period, the new government’s major concern was macro-economic stability.

There was an ongoing role for the state, but it was framed in terms of facilitating an ‘enabling environment’ for private sector functioning. Limited resources meant concentration on ‘essential services’ that the state was required to co-ordinate, especially quality control and standards. The state also retained some responsibility for other support functions, such as maintaining an R&D infrastructure, and to some extent the provision of extension and credit. In the latter two cases, the state was to focus on ‘emerging’ black farmers while established white large-scale commercial farmer support rapidly shifted to the private sector on a ‘user pays’ basis. Those who could afford good service got it, while those who could not afford to pay for support had to make do with a denuded public support infrastructure. This is one of the fundamental problems with privatisation: it segments the market, allowing private service providers to ‘cherry pick’ those who can afford quality services, while weakening public provision of these services to the remainder.

Although it was still located in the public sector, R&D remained oriented towards large-scale agricultural needs. The state continued playing a role mainly in maintaining R&D infrastructure, while content was outsourced to companies who could pay researchers. For example, in order to secure funds to continue functioning, the Agricultural Research Council (ARC) needed to maintain germplasm banks on behalf of private companies as their main source of income (ACB, 2012). Later the state began sponsoring small public programmes on the margins for small-scale/subsistence farmer outreach.

Extension services were similarly split between a denuded public service and privatised commercial services. Extension was already historically split between high quality support for the commercial sector and low quality support for small-scale black producers in the homelands (ARC, 2011). As part of the general shrinking of state support in the period of belt-tightening and GEAR (the national government’s 1996 Growth, Employment and Redistribution strategy), the homeland extension service was gutted. As part of the reduction in the government workforce, extension officers were offered early retirement with the state paying out, resulting in far fewer extension workers with limited resources for retraining or for physical movement to farmers. Agricultural colleges were rationalised and shifted from training extension practitioners to training farmers directly in order to get the required numbers. The Broadening Access to Agriculture Thrust (BATAT) in the mid-1990s had called for the strengthening of agricultural curricula and expansion of opportunities for training, but an agricultural education and training strategy was only launched in 2002 (Phuhlisani, 2008:12).

Historically there were 3,000 extension officers for white commercial farmers and 1,000 poorly-equipped and poorly-trained extension officers for black farmers in the homelands. Most of these latter extension officers focused on the capital-intensive irrigation schemes (Lipton, cited in Phuhlisani, 2008:7). From 1987 to 1993 the Development Bank of Southern Africa (DBSA) ran the Farmer Support Programme (FSP), a package of support to individual small-scale farmers in the homelands including extension. The programme was designed to respond to the limits of the large-scale centralised project model the DBSA had adopted until that time (van Rooyen, et al., 1987). From an extension point of view, reviews concluded the extension support provided by the FSP was mostly of poor quality, there was a disconnection between extension and research given that research focused on the commercial sector, the FSP used outdated extension methodologies, and focused on efforts to encourage high input use that over-extended
resource-poor farmers (Hayward & Botha, 1995). A review off the FSP in the Venda and Lebowa
homelands revealed that just 2.6% of expenditure went to extension and training from 1987 to
1991 (Kirsten, et al., 1993:48). Despite inefficiencies and lack of co-ordination in the extension
services provided, the authors found positive benefits in yields and knowledge for those with
access to extension services. The DBSA abandoned the programme after 1994 when its focus
shifted to local government support (Phuhlisani, 2008:8).

In 2009 there were 2,210 extension officers. Eighty percent had a diploma or lower
qualification, while government norms and standards require a degree or higher (DAFF,
2009:3). Most remaining extension officers were located in Limpopo, the Eastern Cape and then
KwaZulu-Natal, and extension officers in these three provinces also had the lowest levels of
education (DAFF, 2009:52). Government norms and standards call for one extension officer per
250 up to 500 people (depending on crop type and character of farmer, i.e. ‘subsistence’, ‘semi-
commercial’ or ‘commercially-oriented’, according to DAFF categories). A DAFF survey found
between 17% (E Cape) and 72% (Free State) of extension officers were serving 400 or fewer
farmers. But these were unevenly distributed. There was a 1:21 ratio of extension officers to
commercial farmers compared with a ratio of 1:857 for ‘subsistence’ (i.e. black small-scale)
farmers (Phuhlisani, 2008:12). Extrapolating from the figures of farmers identified in its survey,
DAFF indicated that there should be between 3,858 and 7,715 extension officers in the country
(DAFF, 2009:47-50).

Retraining of extension workers was a key requirement. Historically workers were trained in
transfer-of-technology (ToT) methodologies, where new products were developed in
laboratories away from farmers and then brought to farmers to adopt or reject without
alternatives on offer. The 1995 White Paper on Agriculture critiqued this approach and called
for a more participatory approach with researchers working directly with farmers in the field,
and it also recognised farmers’ tacit knowledge. But government failed to act on this, partly a
product of the reduction of resources in government, but also the overarching orientation
towards large-scale commercial agriculture as the primary path towards food security, which
meant extension to small-scale black farmers was not a priority. As input corporations
(Monsanto, Syngenta etc) began seeing the possibility of building markets in homeland areas,
they used the under-resourced public extension service as sales agents for private products.
Corporations offered training to extension officers in the use of their products, and the
extension workers went out to sell it to the farmers at no overhead cost to the companies.

There were some efforts at renewing the extension service, but this is still in its infancy in a
context of limited resources. Sporadic efforts were made at participatory or farmer-to-farmer
pilots at provincial level (e.g. BASED in Limpopo, or work with Prolinnova in KZN and
elsewhere), but these were never scaled up. The overall mindset remained in line with the
commercial agricultural model of transfer of technology (Worth, 2008), accompanied by a “high
degree of institutional inertia” (Phuhlisani, 2008:25).

The 2008 Extension Recovery Plan calls for skills upgrading for 1,000 officers over 5 years, and
is accompanied by a growth in the budget for extension services from R100m in 2008/09 to
R331m in 2011/12 and projected R390m in 2014/15. New targets have been set of 2,500 to
3,500 extension officers per year accessing grants to “register with professional bodies to
improve their professionalism and accountability” (National Treasury, 2012:16-17). We will
need to wait to see if this improves services. In the meantime, a survey of households conducted
by Tshintsha Amakhaya (a coalition of 10 land and agricultural support NGOs) in the Western
and Eastern Cape, KwaZulu-Natal and Limpopo, most of which had access to some land for
production, indicated a very low interaction with extension services. Less than 16% of
responding households indicated any interaction with extension services in the past 12 months. This was as high as 41% in KZN, but only 7% in Limpopo, 9% in Western Cape and 19% in Eastern Cape (Tshintsha Amakhaya, 2012). The current opening of dialogue around the formulation of a new policy for extension services may be a good opportunity to bring participatory farmer-to-farmer methodologies to the fore.

Production finance was provided for by a range of state and statutory institutions under apartheid, including the Land Bank, Agricultural Credit Board and the co-ops which provided their members with credit. Black producers were left out. The Land Bank was previously one of the beneficiaries of the system of prescribed assets, where the state compelled investments including Land Bank bills, bonds and securities (Bayley, 2000:40). But following financial deregulation from late 1970s the Land Bank moved to market-based interest rates, and currently raises funds from money markets in competition with other lenders. This resulted in a shift in the loan book from the public sector to the private sector in the form of the commercial banks. Commercial banks’ share of agricultural debt rose steadily, from 30% in 1985 to almost 58% in 2011 (DAFF, 2012:83). This growth in market share came mainly at the expense of the agricultural co-ops, which went from 25% of the total loan book in 1985 to just 10% in 2011. This is a product of the privatisation of the co-ops and a shift of focus amongst most of the former co-ops away from financing.

The Land Bank has continued to play an important role in agricultural financing, but most of this goes to large-scale commercial operations. The Land Bank’s share of total farming debt actually rose from 21% in 1985 to 25% in 2011 (DAFF, 2012:83), but with a sharp dip from 2002 to 2008 where it experienced major internal problems, including corruption. The Bank’s lending activities are split between business and corporate banking, retail commercial and retail emerging market. The latter is for small-scale farmers “without a good credit profile”. In the 2010/11 financial year, 72% of loans went to business and corporate clients and 24% was split between ‘commercial’ and ‘emerging’ retail clients (at the time of the annual report from where this information was drawn, the distinction between the two retail categories was not yet made). The remaining 4% went to land for development (Land Bank, 2011:166). In 2011 CEO Phakamani Hadebe indicated that up to R1bn would go to ‘emerging’ farmers over 2 years under the Retail Emerging Market unit (Vollgraaff, 2011). Using latest loan book figures from the 2010/11 annual report, we can deduce that approximately one-eighth of retail loans would go to emerging farmers (presumably mostly black farmers of any scale without sufficient collateral to get a loan), or somewhere around 3% of the Land Bank’s total loan book. While we should acknowledge that the Land Bank has struggled with repayments of loans to resource-poor black farmers – Hadebe indicates 58% of the loan book to the emerging market segment was non-performing, compared with just 6% for the commercial and business and corporate units combined (Vollgraaff, 2011) – this hardly constitutes a radical orientation towards small-scale farmers in public sector financing. In 2012 the Land Bank set a target for 15% of the loan book for “development lending” by 2016 (Land Bank, 2012:6), suggesting a gradual shift towards finance for small-scale farmers.

As the cases of R&D, extension and production finance indicate, agricultural support to black small-scale farmers has not improved significantly in the past twenty years. Although there have been sporadic attempts to provide this kind of support, these efforts have suffered from a lack of an overarching framework to support small-scale farmers. Instead, support to small-scale farmers in contained within a broader orientation that prioritises the needs of large-scale commercial agriculture.
5. **Conclusions: Agrarian Change and the South African Agri-food System**

This paper has advanced the argument that government rhetoric on supporting small-scale farming in South Africa has not translated into practice. On the contrary, government’s actual policies in both land reform and agricultural support have favoured a large-scale farming model.

Land reform has failed to transfer land fast enough to create the basis for small-scale agriculture as an option. Where land has been transferred, early policy hampered the possibility of surplus production by dumping large numbers of people on farms without clearly defining allocation of land to individuals for production. The practical outcome in the earlier phase was a compulsion to collective farming but without necessary support forthcoming. Alternatively commercial ‘whole farm’ business plans were drawn up which were beyond the reach of the vast majority of beneficiaries. Thus the approach to land reform created obstacles to the pursuance of small-scale farming strategy. Later policy has stayed with the approach of transferring large farms rather than subdividing and ensuring appropriate support for production.

For its part, agricultural policy was built on a bifurcated agrarian structure without seeking to transcend it. ‘Subsistence’ farming was recognised but received very limited support except in the form of welfarist interventions for most of the past 18 years. Otherwise efforts were made, especially in the past decade, to commercialise small-scale farmers either through collective projects aimed at niche markets at high expense, or more recently through efforts to integrate small-scale farmers into corporate value chains with assistance from the private sector, thus targeting only a small minority of potential surplus-producing black farmers able to meet corporate-defined standards.

These efforts at small-scale farmer support are situated in a macro-economic framework that explicitly seeks to strengthen large-scale commercial agriculture in the face of global competition, as the examples of the privatisation of the commercial assets built up on the basis of state support under apartheid, and trade and investment policies that have led to the further concentration of productive assets show. Despite the rhetoric of land redistribution and support for black small-scale farmers, therefore, state interventions have consolidated corporate power in agri-food chains.

The ANC in government has been either unwilling or too timid to take the plunge and wholeheartedly endorse a small-scale farmer strategy. It is held back by the idea that large-scale commercial agriculture is the only way of ensuring food security in South Africa, reinforced by the constant advice of experts with a material stake in the continuation of large-scale commercial agriculture. There is an embrace of the modernisation paradigm with the implicit acceptance that peasant or small-scale agriculture is obsolete. In this light, the small-scale approach in practice is a combination of welfare for most small producers (with the underlying belief that creating jobs will solve rural poverty – and jobs are best created by large-scale industry rather than small businesses, hence very limited small business support) and a strategy for a thin layer of commercial small-scale producers to get into niche markets tied to corporate agri-food value chains.

Nevertheless, the debate has opened up again in recent years. The question facing us now is whether small-scale farming and decentralised and deconcentrated economic activity is a feasible option as a way both to ensure enough food and fibre is produced for the needs of the population, and as a way to transform the agrarian structure to a more equitable distribution of productive assets and participation in the economy. If so, as many believe (not least small-scale
farmers and their communities), then government must take the plunge to provide the kind of support required to realise that vision so it has a meaningful effect on the agrarian structure. This requires a rapid transfer of land, breaking up of land units, provision of support to enable these units to be used productively (especially water and intermediate storage and processing technologies, and support for local systems of distribution based on what already exists in the ‘informal’ sector), and a breaking up of the over-centralised and over-concentrated agri-food system, with a more equitable distribution of ownership and control over economic assets.
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