

# AGRICULTURE, LAND REFORM AND DEVELOPMENT IN SOUTH AFRICA: PUBLIC POLICY FOR SOCIAL UPLIFTMENT

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## ABSTRACT

The dislocation (within national borders) of indigenous Africans from their land, represents one of the most tragic and explosive remnants of colonialism to befall the African continent. In recent times, the governments of Zimbabwe, Namibia and South Africa (among others) have been under immense pressure from their majority black population groups to address the 'land question' in an attempt to reverse the negative outcomes of colonial exploitation.

European colonial rulers contributed greatly to poverty among Africa's majority populations, as they sought to enrich themselves and their settler populations at the expense of blacks. The legacy of poverty still persists to this day, as does the legacy of dis-enfranchisement of blacks from access to and use of land. Some have argued that land reform should take place as a matter of 'righting past wrongs' and also to alleviate poverty and contribute to development. The contrary argument is that returning land to indigenous Africans would be disastrous, as they do not have the necessary acumen and skills to make productive use of the land. Land reform in the South African context is the focus of this paper. More specifically, the article assesses the appropriateness of government's land reform policy.

## INTRODUCTION

The primary directive of any government policy is to reflect the values and norms of society. Any change in these values and norms necessitates a continued process of policy evaluation. As part of the policy evaluation process, existing as well as prior legislation, programmes and policies must be reviewed with the expectation that these will contribute to setting the contextual background that informs forward-looking policy making processes (White Paper on Agriculture 1995:16).

From the 19th century onwards, the policies of successive white governments sought to create wealth for the small population of white commercial farmers by destroying independent African farming communities (CDE 2005:5). Apartheid laws used to attain these goals were, among others, the Natives Land Act, 1913 and the Natives Trust and Land Act, 1936. Through these laws, millions of Africans were forcibly removed from their land and re-located into overcrowded 'homelands', while at the same time white commercial farmers were provided with extensive support through state subsidies and assistance programmes. With the Group Areas Act, 1950, forced removals under apartheid were no longer limited to rural areas, but extended also to urban areas, such that blacks were forcibly relocated from urban areas to semi-urban 'townships/locations' (Commission on Restitution of Land Rights website <http://land.pwv.gov.za/restitution/BACKGROU.RES.htm> visited on 28/10/2007).

After the 1994 elections, as a way of reversing the damage caused by past discriminatory land policy, the South African government launched a comprehensive three-pronged land reform programme. The three components of this land reform programme are restitution, redistribution, and tenure reform. Land restitution aims to restore land to those who were displaced as a consequence of apartheid laws, and is restricted to assisting individuals and communities that can prove that they were forcefully removed after 19 June 1913 (<http://land.pwv.gov.za/restitution/BACKGROU.RES.htm> visited on 28/10/2007). These claims



are the responsibility of the Land Claims Court and Commission (White Paper on Land Policy 1997). The land distribution component aims to provide land to previously disadvantaged individuals (both rural and urban) such as the poor and landless, labour tenants, farm workers and new entrants to agriculture. Lastly, land tenure reform aims to ensure that land policy in South Africa accommodates secure and diverse forms of land tenure/ownership that are to the benefit of all South Africans. Land tenure thus relates to empowering disadvantaged groups (tenants, farm workers and others) whose livelihood is legally insecure because they occupy land belonging to other persons, including land registered in the name of the state.

## **CONTEXTUAL BACKGROUND TO LAND DISTRIBUTION**

The distinctive characteristic of South Africa's history that influenced every aspect of societal life is the system of racial discrimination that came to be known as apartheid. The South African government used apartheid not only to further the political and social interests of white Afrikaner citizens, it also used apartheid as a springboard for industrialisation and development to serve the ends of white economic empowerment (Lowenberg and Kaempfer 2001:33; Cf. Fine and Rustomjee 1996:63; Cf. Maylam 1986:143-152; Cf. Clark 1994:134-7). In the latter instance, white farmers and mine owners solicited and received the assistance of the government in disenfranchising blacks as a way of creating a low-wage labour force that would increase the profitability of both industries. The basic strategy employed by the government to disenfranchise blacks was to first alienate them from their land by implementing the 1913 Land Act which ended the system of squatting and sharecropping by Africans on white farms, and the 1936 Native Trust and Land Act which reserved 86% of the total land area of the country for whites only. The combined effect of these two pieces of legislation is that Africans were confined to residing on 14% of the land, most of which was unsuitable for farming and grazing. This effectively destroyed the formally viable and flourishing black peasant farming sector. Thereafter, 'hut taxes' and 'labour taxes' on blacks in the 'homelands' were imposed which heavily taxed blacks earning a living in black areas ('homelands') with the intent of compelling them to work for cash wages in 'white' areas while residing in black areas (Nattrass cited in Lowenberg and Kaempfer 2001:33-35; Cf. Lipton and Simkins 1993:359-60).

Since the Afrikaners gained political power, South African governments have used all means at their disposal to further the lot of the Afrikaner population in general and more specifically to solve the "poor whites problem" (Omer-Cooper 1987:171-2; Cf. Clark 1994:48,163). An inexhaustive list of the tools used to achieve these goals includes 'import substitution industrialisation' (ISI), the creation of state owned enterprises, and last but not least - apartheid. Thus, since the earlier stages of development and industrialisation, the government extensively intervened in private markets on the side of white farmers/landowners and mining magnates against black labour (Clark 1994:48,163; Cf. Lipton and Simkins (eds.) 1993:359-60; Cf. Lowenberg and Kaempfer 2001:32-5). There was also a conscious effort on the part of Government to reduce or even eliminate 'dependence' on foreign trade, which had intermittently been interrupted by politically motivated trade embargoes since as early as the 1940s (Lowenberg and Kaempfer 2001:6). The pattern of exploitation of the African masses by the government in the name of development and advancement was to continue until the complete dismantling of apartheid coinciding with the promulgation of the 1993 interim Constitution.

## **APARTHEID'S LEGACY – A CHALLENGE FOR SOUTH AFRICAN AGRICULTURAL POLICY**

Government's policy of regulating the agricultural sector along racial and class lines, left in its wake a negative legacy that has survived and persisted into the present. This apartheid era legacy that has unavoidably been inherited by the present democratic government is what has commonly been referred to as the 'two agricultures' (Lipton and Simpkins (eds.) 1993:360). The 'two agricultures' is epitomised by the reality of two separate agricultural sectors, one for whites and one for blacks. The white agricultural sector used to be heavily subsidised by the Government and flourished into a highly competitive large-scale capital

intensive industry that even today produces the bulk of domestic as well as export food supplies. The black agricultural sector received no assistance from the government and remained small-scale, labour intensive and produced mainly for subsistence rather than for markets (domestic or foreign) (Lipton and Simpkins ed. 1993:360). The Government during the apartheid era actually took measures to handicap the black agricultural sector in order to further benefit the white agricultural sector. This approach of the Government (as alluded to earlier) is exemplified by the 1913 and 1936 Land Acts which restricted black ownership and residence in South Africa to 14% of the total surface area of the country. Another significant piece of legislation that impeded black agricultural development was the 1970 Subdivision of Land Act, which disallowed black smallholder farming in 'white' areas. Throughout this era black farmers were also excluded from access to financial, marketing and other assistance programmes of the numerous agricultural boards that serviced and assisted white farmers only (Lipton and Simkins (ed.) 1993:360).

The paradox of the 'two agricultures' is an area of agricultural policy that is only now being addressed (South Africa - white Paper on Agriculture 1995; Cf. South Africa Yearbook 1999:75). At present the discrepancies in land ownership and production are such that by 1999 approximately 67 000 white farmers produced 95% of marketed production on 85 million hectares (ha); while an estimated one million black farmers produced 5% of marketed production on 16 million ha (South Africa Yearbook 1999:75). More current statistics (CDE 2005:11) indicate that by 2001:

"...There [were] probably some 91 000 black commercial farmers in South Africa – about twice the number of white commercial farmers. However, most of them have far smaller farms, and they therefore still own less than 5% of commercial agricultural land. This reality is a consequence of the discriminatory history. It is neither right nor sustainable, and constitutes a central challenge to commercial agriculture...white-owned farms produce more than 90% of marketed produce; however, this is being done by fewer and fewer farmers" (CDE 2005:11).

As the costs of direct support (cheap loans, subsidies and tax breaks) and indirect support (protection from imports, provision of research and extension, favourable terms of trade with the urban sector) to the white agricultural sector had risen exponentially since Union in 1910, it became increasingly clear to Government that a reassessment of the costs and benefits of the agricultural system was needed (Lowenberg and Kaempfer 2001:194-96). As Van Zyl et al (1996:199-200) indicate,

"...The policy environment of racial discrimination and price distortions, however, could not be sustained, and the pressures on agriculture for reversal of these policies began to mount during the 1980s...the period is characterised by a reversal of the policies of the previous two periods, consisting of removal of the racial barriers between black and white agriculture, and increased liberalisation and democratisation of the agricultural sector."

The costs of subsidising the white agricultural sector appears to have outweighed the benefits thereof, as is also evidenced by the fact that agriculture's contribution to the Gross Domestic Product (GDP) has been estimated to have declined from almost 20% in 1951 to 6% in 1990 (Lipton and Simpkins (ed.) 1993:361). This figure fell again to 3,4% in 2002 (CDE 2005:10).

## **POST-APARTHEID AGRICULTURAL POLICY AND DEVELOPMENT**

The four major challenges that face the South African agricultural sector in the post-apartheid era are firstly, the social and economic imbalances brought about by the existence of the 'two agricultures' as an inherited challenge to democracy and development of the industry; secondly, the poor agricultural resource endowment of the country evidenced by the fact that only 17 million out of 100 million ha of farmland is presently classified as arable, and of this only 4 million ha is classified as 'high potential arable land'. The remaining 80 million ha of farmland suffers from poor soil content, low and erratic rainfall, and soil erosion and degradation (CDE 2005:10; South Africa Yearbook 1999:76-83). Thirdly, among the most



important factors limiting agricultural production is the availability of water (South Africa Yearbook 1999:76). The country's average annual rainfall is only 502mm, which is well below the world average of 857mm. Further, recent severe droughts, floods, hail storms and frosts have contributed to reduced agricultural production; and fourthly, the industry has also been plagued by inefficiencies and a tendency towards oversupply in maize, wheat, livestock, dairy, sugar and wine production as a direct result of stringent regulation and subsidisation. The result of the artificial market support of the white farming sector has been the frequent tendency towards the dislocation of supply and demand in its trading market (South Africa Yearbook 1999:76).

Oversupply of the market is also partly attributable to unpredictable weather conditions that necessitate that farmers should plan their production with the expectation of natural losses due to bad weather, pests, plagues, and other pathologies. The implications to farmers of oversupply include increased transportation and storage costs, unfavourable volume-to-price ratios and wastage due to the perishable nature of produce. (Lipton and Simkins 1993:359; Cf. Loxton 1993:216-220; Cf. South Africa Yearbook 1999:76,83).

Despite the above-mentioned challenges to the agricultural sector, South Africa remains self-sufficient in virtually all major agricultural products and is normally a net-exporter of food stocks. Also, despite the industry's steadily declining share of GDP (3,4% in 2002 compared to 20% in the 1930s) it remains of vital importance to the economy as a provider of essential domestic consumer food requirements while also employing approximately one million people in its various sectors (South Africa 1999:75-6).

## **Marketing**

The Marketing of Agricultural Products Act, 1996, is the main impetus of the current efforts to reform the industry. The 1996 Act, under the supervision of the National Agricultural Marketing Council (NAMC), scheduled the termination of all agricultural sector boards and schemes established in terms of the 1986 Marketing Act. By the 5th of January 1998, all agricultural control boards ceased to exist. In terms of the Act, certain limited statutory measures may be introduced in support of the industry, such as statutory levies to finance the research and information functions within a given sector (South Africa 1999:84). As of the closure of the agricultural boards, the key objectives of the NAMC are to integrate disadvantaged and small-scale participants into the mainstream of agriculture and to monitor the efficiency of the market, intervening only to correct market imperfections and socially unacceptable effects (South Africa 1999:84; white Paper on Agriculture 1995:9).

## **Credit and assistance**

In line with its new policy directive, the National Department of Agriculture resolved to remove itself from direct involvement in agricultural credit delivery by abolishing the Agricultural Credit Board (ACB) and the State Assisted Production Loan Scheme through financial intermediaries. The agricultural industry must now seek assistance from the Land Bank and/or private financing from banks, creditors, financial institutions and agricultural co-operatives (South Africa Yearbook 1999:85).

## **Reforming land ownership**

The white Paper on South African Land Policy (1997) clearly indicates that the ANC government subscribes to the World Bank's market oriented approach to land redistribution (Zimmerman 2005:380). The government has thus refrained from expropriations and does so only as a last resort, and then only with market-related compensation. The principle that applies in all land reform cases is the willing seller, willing buyer principle.

In the area of restitution, for example, the government has undertaken to work with claimants through the Restitution of Land Rights Act, 1994. This Act aims to provide legal remedy to persons and communities that

were dispossessed of their land as a result of past racial discriminatory laws and practices that occurred after 1913. The compensation is in the form of restitution of rights in land and claimants have the following options (<http://land.pwv.gov.za/restitution/BACKGROU.RES.htm> visited on 28/10/2007)

- restoration of the land from which claimants were dispossessed;
- provision of alternative land;
- payment of compensation;
- alternative relief including a combination of the above-mentioned;
- sharing of the land;
- budgetary assistance such as services and infrastructure development; or
- priority access to state resources with regard to housing and land development programmes.

There is no question that there is competition for scarce arable land. As such, land reform policy as the mandate of the Department of Land Affairs is intended to be demand-led, meaning that only those who are able to demonstrate considerable interest in, and the capacity to become productive farmers will be able to access the programme. This can be deduced from the 'willing buyer' section of the 'willing buyer/willing seller' policy. Demand-led land reform means that applicants must be qualified on the basis of potential to make productive use of the land. This means that successful applicants/beneficiaries would (Van Zyl et al 1996:13-15):

- initiate the administrative process of determining programme eligibility;
- have to contribute from their own resources to the start-up costs of the new farming enterprise;
- have to show that they were capable of becoming successful farmers; and
- bear the risks of farming.

According to Van Zyl et al (1996:13-15), demand-led targeting has the advantage of preserving productivity in the agricultural sector, since participation tends to be limited to those who can indeed make productive use of the land. In the world of perfect markets, demand-led targeting implements a shadow of willing to pay criterion which would ensure that land goes to those who most want it. The disadvantage of the demand-led targeting, however, is that its participation requirements may tend to favour those rural blacks who already have a reasonably strong asset base, thus potentially excluding the have-nots. If the poor prove to be systematically unwilling or unable to demonstrate the necessary level of interest or capacity, they will be left out of the land redistribution programme. Concerns expressed by some as to whether redistributed land should be put to its most effective use, can be somewhat allayed by the government's demonstrated commitment to ensuring that support systems are in place for successful land claimants.

## CONCLUSION

In the final analysis, the system of apartheid brought itself to an end as, with the passage of time, it increasingly proved itself to be an unworkable political, social and economic system. Although apartheid no longer exists, it has left behind a significant legacy that represents hindrances in many sectors of the economy that are only now being resolved.

The passage of time has always brought the agricultural sector of the economy from first to third place in terms of share of GDP in contemporary times. Although this sector of the economy continues to be plagued by climatic and natural resource encumbrances, its contribution to GDP and thus development is significant as it employs over a million people and exports the majority of its produce. The apartheid legacy inherited by the agricultural sector is what has come to be called the two agricultures. As apartheid was an expensive system to maintain, the evidence suggests that the productivity of agriculture began to decline as a direct result of the costs of subsidising the white farming sector while disenfranchising small-scale black farming.

Land reform will be able to claim success if it has led to the establishment of a large number of new financially successful and prosperous professional farmers from previously disadvantaged population groups, while at the same time catering for improved food security for many people who have neither the interest nor the ability to become successful professional farmers.

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