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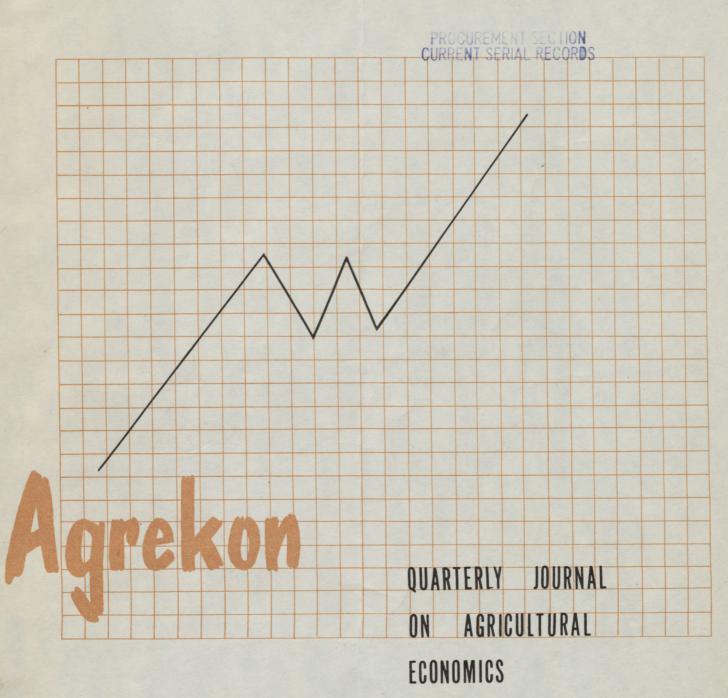
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# SOCIALIST ENTERPRISE FORMS IN AGRICULTURE VII: POTENTIAL APPLICATION IN AGRICULTURE IN AFRICA

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### **1. INTRODUCTION**

Most of the African continent consists of countries that by accepted standards are regarded as underdeveloped. Among other things, agriculture is also underdeveloped. Even in the countries further south - the Republic of South Africa and Rhodesia - where underdevelopment, taking the whole picture in terms of national averages, does not exist, this characteristic problem is encountered.

The economy of these two countries shows a definite dualistic framework that is also evident in agriculture. On one hand there is a modern, developed agricultural sector, that of White farmers, and, on the other hand, an underdeveloped, largely self-supporting agricultural sector, which includes most Bantu farmers.

Throughout Africa, including the Bantu areas of South Africa, there is a strongly felt need for economic development. Agriculture will have to play a key role in such a development process. Modernisation of agriculture is a prerequisite for this.

Modern agriculture involves more than farming; in addition to farming it includes commercial agricultural support activities that supply inputs to the farming sector and non-commercial support activities that supply services for which farmers do not pay directly, for example, research and extension. The latter is usually the duty of the State. Modern agriculture also has a fourth component: the milieu of agriculture. This consists partly of external factors such as the state of industry, distribution of income, economic and fiscal policy, population

\* Based on an M.Sc. (Agric.) thesis by T.I. Fènyes, University of Pretoria

growth, infrastructure, etc. It also includes socio-political elements such as land-tenure and policy, socio-cultural values and agricultural policy.<sup>1</sup>

The modernisation of agriculture will depend on how each of these four components is handled. This article will discuss whether certain aspects of socialist enterprise forms can in fact make a contribution within a non-socialist political framework to stimulate Bantus to agricultural development.

### 2. CHARACTERISTICS OF BANTU AGRICULTURE

The traditional agricultural sector in most less-developed areas in Africa always shows to a greater or lesser degree the characteristics that traditional crops are largely concentrated on, but that knowledge of possible improvements to them is lacking and that there is little incentive to improvement. The social system is often not conducive to modernisation and shortages of capital are experienced everywhere. Good land is normally heavily populated and the actual cultivator of the land has relatively little prestige.<sup>2</sup>

These properties have led to stagnation in agricultural methods and production. Bantu agriculture in South Africa, for example, has not shown the production increases that have characterised White agriculture. Nevertheless, many of the soils in the Bantu areas have a high agricultural potential<sup>3 4 5</sup> and possibilities for agricultural development, from a physical point of view, are favourable.

The livestock industry, which is only partly developed, also has great economic potential. The turnover of large stock is generally less than seven per cent per year. In kwaZulu a particularly marked case, the turnover during 1972 was only 1,3 per cent. This low turnover may be ascribed to traditional breeding methods, ineffecient management, high marketing age of livestock, a particularly low percentage increase in numbers and a high death rate among livestock.<sup>6</sup>

The consequences are clear. The Transkei, which, for example, is potentially in a position to produce a surplus of food products, imported an average of 34 per cent of the grain products consumed during the period 1961 to 1964. The imports were paid for largely from earnings of male residents who went to work elsewhere. This absence of males is a hindrance to development. In spite of these imports there are nutritional problems. Although there are few people who suffer hunger, in 1964 as many as 29,6 per cent of the families consumed too few carbohydrates; 50 per cent of the families too little of vitamins A and C; and 39 per cent of the families too little protein.<sup>7</sup>

Extensive investments in agricultural projects have already been made in the Bantu areas of South Africa with only marginal results as regards economic growth and social development. Various reasons are proposed for this.<sup>8</sup> Among the problems considered to be relevant are uncertainty of land tenure because of tribal and cultural rules, inadequate credit, marketing and training facilities, disregard of socio-political aspects by some planners, poor management and management systems and poor communication.

In most areas in Africa, including the Bantu traditional within South Africa, homelands communal land tenure systems are adhered to. These systems vary between different ethnic groups, but the basic characteristics are the same. Grazing is communally used and each family has the right to use a piece of land yearly for crops. After the crop has been harvested the land on which it was planted is again available for the livestock of all members of the group. In some cases the headman may allocate the same land annually to other families. In certain cases - for example the Swazi's - on the other hand, a family obtains an almost permanent right to pieces of land for this purpose.9

The consequences of this system are that land cannot be inherited; the right to use land arises from membership of a community and the right is forfeited if a person leaves the community.<sup>10</sup> The same piece of land is subject to right of use by different people in different years.11 There is considerable fragmentation. In Lesotho in 1960 families cultivated an average of 2,4 pieces of land.<sup>12</sup> It happens almost everywhere that under these systems there is no rotation of grazing and that available grazing is drastically overstocked. Deterioration of the grazing is an inevitable result. In addition, there is no incentive under the system to improve cultivated land. Field husbandry practices remain primitive. Cultivation İS encountered extremely seldom. The pieces of land worked by a family are also very small.

These aspects have convinced many writers that development would only take place if land tenure systems were changed to systems of

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individual right of ownership. Such suggestions very often lead to sharp resistance from traditional leaders.<sup>13</sup> To some extent such a situation may be ascribed to the fact that an existing form of security would be replaced by the unknown.14 Also, where individual right of ownership has been introduced, it has not always produced the desired result. In Rhodesia, where individual right of ownership is granted yields were no higher after 20 years than on adjacent communally used land.<sup>15</sup> In the Keiskamahoek district of the Transkei the same was found after a much longer period during which the two systems of landtenure existed side by side.<sup>16</sup> It is therefore clear that simply a change of land tenure systems will not be enough to bring about the desired development in agriculture.

In the Bantu homelands of South Africa the South African Bantu Trust also owns a considerable amount of land. The object is to transfer the land eventually to the Bantu for productive agricultural production.

# 3. REQUIREMENTS FOR AGRICULTURAL DEVELOPMENT

Much has already been written and speculated about prerequisites for agricultural development. Basically it all boils down to the creation of such structures as will enable products that are produced to be disposed of easily at profitable prices; make it possible for producers to obtain the necessary inputs at reasonable prices and make it possible for them to receive knowledge on how to produce; as will ensure that their enterprise size is such that improved and increasing incomes will be obtainable and will ensure that they have the necessary motivation to produce more.

What this basically amounts to is that there must be a demand for income and that the rural population must be convinced that this demand can be satisfied by producing more efficiently and that they will be put in a position to do so. In this connection Leistner<sup>17</sup> mentions that in parts of West Germany agricultural developments first began to make real progress after the farming population made contact to such an extent with urban patterns of consumption that it awoke a There is also a demand for income in them. 'threshold of critical minimum benefit" and what this amounts to is that farmers will have to obtain a considerable immediate benefit from a change before they will institute it. The height of this critical minimum benefit varies in inverse proportion to the stage of development. It often makes extensive supervision over farming practices necessary.18

It is therefore necessary to consider possible organisational changes in the agriculture of Africa for the precise purpose of achieving these aims. Such changes must be socially acceptable to the farmers.

The Bantu are normally not traditionally cultivators of the land in the Western sense. In addition, they are not by nature individual entrepeneurs because their approach and methods are based on a tribal or collective system. The

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tribal organisations make provision for mutual duties and reciprocal arrangements, which, in their turn, are the basis of security of tribe members.<sup>19</sup>

The traditional land use, together with other factors, such as the generally low level of education and consequent lack of communication and inability to assimilate knowledge and absorb innovations, and lack of capital, credit and marketing facilities mean that the organisational structures are also strongly tied to tradition and backward.

Under present circumstances marginal yields are therefore low and whatever system is accepted will have to bridge the institutional and cultural gaps.

The development of the potential requires that farming be modernised. The concept of modernisation means here a series of actions that compliment each other and, if they succeed, could give birth to a well-organised and economically efficient range of agricultural enterprises.

New technology must be introduced on a large scale, financing of farming must be adjusted to the development of potential, the availability of production agents must be improved, service stations must be erected for tractors, vehicles and implements and management skill must develop and be introduced in farming.

A change in the traditional communal land tenure system, even on a large scale, would not, as a single, isolated measure, solve the biggest problems.<sup>20</sup> Thought must be given to, among other things, sizes of farm units, development of outlet channels, management development and provision of capital. These things must be planned within the milieu determined by cultural patterns.

Cultural patterns consist of many facets and some of these may have an influence on agriculture and on general economic development.

The traditional unit in the social organisation of Bantu society is the tribe, which is composed of a large number of social groups, such as the sept and family unit.

The sept consists of a group of people with a common origin. Because individual members regard each other as blood relations the sept is a strong unit in the social and economic field which offers help and protection to its members.<sup>21</sup>

A general characteristic of many Bantu communities is the habit of sharing. This practice has advantages and also disadvantages. The custom of sharing freely is from a humanitarian point of view a good habit, but from an economic point of view it has the disadvantage that an individual cannot amass riches. It is therefore also a characteristic of the traditional Bantu society that fairly rich families sometimes occur, but rich individuals within a family very seldom.<sup>22</sup>

Another characteristic practice is that their property remains within the sept. The result is that the possessions of a person may be inherited only by another member of the sept.<sup>23</sup>

These aspects have a strong influence on any attempt at development. The question arises whether, given such circumstances, certain facets of

the socialist pattern of productive organisation would not fit in better socially and therefore stand a better chance of increasing productivity than the pure capitalistic pattern.

It must be accepted that the Bantu is not an individualistic Western capitalist type personality; his land utilisation is largely communal, but his production is not. In addition, there is a lack of knowledge and managerial skill.

According to Geyer<sup>24</sup> the larger family unit with a single figure of authority would for all practical purposes be the most suitable grouping for the effective introduction of interested parties.

# 3.1 Individual plots as a basis for progress

The chances of drastic progress on the basis of individual plots look unpromising at this stage for a variety of reasons. One of these is the African's craving for the satisfaction of basic needs and his need to share. The reliance on tradition would probably produce its most detrimental influences under conditions of individual farming practices. This would probably contribute greatly towards making the practice that Leistner<sup>25</sup> calls "production under close supervision" applicable to local conditions.

"Supervision is exercised either by an agricultural corporation, a settlement agency, a government department, or a private firm under contract to the state. Basic to such schemes is the combination of selective pressure aimed at ensuring economically and technically efficient production on the one hand, and incentives through high income levels on the other."<sup>26</sup>

This means that progress can be made under a system of individual plots only if there is already a well-organised agricultural sector with a co-operative system or agencies and also the other necessary aspects of an infrastructure.

It is obvious that the above-mentioned prerequisites do not yet exist in the South African Bantu areas. The cost of meeting all the requirements is very high. It would be more difficult to provide all that is needed if it is necessary to work with a large number of small units than with a small number of larger units.

In the production of certain products where individual production may show specific advantages over joint production, for example vegetable production under irrigation, concentration on individual plots might indeed produce the best results. For example, it could be considered when irrigation schemes are being created on newly purchased land. Here, however, it is necessary to note that at least three conditions must be met in order to achieve success.

- (1) The plots must be at least big enough to accommodate a rising standard of living and new technology.
- (2) Only selected entrepreneurs must be placed on such plots; a trial period would in any case be desirable.

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(3) Allocation of such land can produce the desired result only if the other requirements in respect of infrastructure and services are met.

The last point does make it desirable to find a formal basis for co-operation, particularly with regard to marketing, obtaining inputs, financing production and providing certain services such as mechanical ploughing, advice, etc. A certain amount of supervision is also desirable. In this connection it could be worthwhile considering instituting a system similar to the Israeli moshav or moshav shitufi or something between these forms. It could, for example, be desirable to do certain work collectively as on the moshav shitufi,<sup>27</sup> but to handle the marketing and obtaining of inputs and certain other services co-operatively (the moshav method)<sup>28</sup> rather than collectively.

### 3.2 Project farm enterprises - their potential role

The establishment of different agricultural projects and similar capital work in the homelands cannot be undertaken by individual Bantu farmers.

As a small farmer he is, on one hand, financially not capable of it and, on the other hand, the plots are small and separate works for each plot are not justified. The system of land tenure (tribal ownership) is also such that it does not encourage the farmer to tackle projects.<sup>29</sup> There is in any case a lack of knowledge on the part of most people that would make such things impossible to tackle without leadership on an individual basis or even on a joint basis. The cost is also often so high that local communities cannot afford it. It is therefore only governments and/or companies who are in a position to undertake such development projects.

It is evident from the experience of less-developed countries in Africa and elsewhere that when projects of a large scope are tackled there is hope of success only when it is done on a commercial agricultural basis and if management of a high quality is involved. There are various methods of approach for such project development such as<sup>30</sup>:

- (a) On a consultation basis where the government provides the funds and the company handles the management;
- (b) on an agency basis where the company also contributes part of the funds and therefore also shares in the profits to recover capital invested, after which the agent may sell his part to local inhabitants;
- (c) a public company may be formed in which all shareholders make a contribution to development and all then share on a *pro rata* basis in the profit.

Further considerations in this connection may, for example, be:

- (i) a co-operative unit perhaps on a sept or family basis; or
- (ii) a company in which a certain amount of the shares are held by permanent workers.

The big advantage of project farm enterprises is that growth points can be created, production on a high level of efficiency can be obtained and linked with this is the profitability and the fact that training of prospective farmers can take place and community development can be better organised. They can also serve as means of demonstration.

In the planning stage of projects there are two basic components that must be taken into consideration, namely, the physical and the human resources. The potential capacity of the proposed community will determine the success or otherwise of the plan.

Where physical planning is concerned it is necessary to concentrate on both stabilising and productive measures. At the same time people must be motivated towards higher productivity.

It is easier to tackle such new projects on Trust land than on lands in tribal territory. On tribal lands it is necessary first to obtain the full co-operation of the tribal authority. In addition, there are the problems of overstocking and the fact that the head of each family has grazing rights for his cattle plus the right of cultivation on lands for each of his wives.<sup>31</sup> If co-operative projects are considered, however, it is not possible to consider them even in occupied areas.

The Trust lands and the projects that can be erected on them may to a certain extent be comparable with the socialist state farms. Here one has in mind particularly the objectives and organisation structure. The Soviet sovkhozy and machine and tractor stations may in fact be regarded as agricultural development projects with the main aim of development and just as important joint objectives such as the demonstration of the advantages of organised action and the use of modern technology.

The question arises why existing projects have so far produced so few results worth mentioning in this direction. The answer must evidently be sought in the area of the lack of a commercial way of thinking, the quality of management and the scope of projects.

It is essential that the management be at a high level from the beginning and it is therefore important that there be an organisation that can act as an activator in the community and that can take and hold the lead from the planning stage until the plans have been executed.

It is true throughout the Western world that the public service is only in the exception able to draw people with entrepreneurial spirit and keep them and that the public service is not exceptionally suited to training people in the finer art of entrepreneurship.<sup>32</sup>

It therefore appears that semi-state organisations such as the BIC, XDC and the IDC or an agricultural development corporation will be more suitable to make a contribution to agricultural development through, among other things, project farm enterprises. It would be desirable that such organisations take over all project farm enterprises.

The level of mechanisation in Bantu agriculture is very low and it is therefore possible that similar organisations to the machine and tractor stations in socialist countries could be of particular use. Such stations would have to be erected at strategic places taking into account the concept of optimality in connection with their field of service, distances, etc. The stations could then serve any form of farming organisation (private or co-operative) on a contract basis and even develop into agro-technical training centres.

A further potential contribution could be that project farm enterprises, in addition to the aspects already mentioned, could also develop into outlet organisations that, in addition to their own products, could also undertake the marketing of the products of other farming units. In the development of project farming it is desirable to consider seriously the allocation of at least small domestic units for permanent employees. This has obviously had great advantages in some socialist countries. Eventually, however, the aim should be to hand over such projects to local communities. This would be possible only after enough managerial talent has been developed to continue on a more independent basis. It would therefore be possible to change gradually from government to community enterprises.

To sum up, it may therefore be proposed that project farming could potentially play an important role in the agricultural development in the homelands.

#### 3.3 Co-operative farming units

In literature it is often maintained that co-operative approaches to farming, particularly production on a co-operative basis, are unsuitable in the early stages of economic development. According to Leistner<sup>33</sup> the most important reasons for this are the following: Clashes with tradition, the lack of a clearly recognisable liaison between individual attempt and profit, lack of technical and personally trained leadership and the contradiction between the co-operative ideal that all members must have equal say and the practical necessity for one skilled decision-maker.

Nevertheless, the co-operative movement has a colourful history throughout the world.

To a certain extent the opinions of leaders of Africa may be considered here. President Senghor of Senegal has stated that the black community is collectivistic by nature and said that they had already had socialism before the Europeans came here and that the task now was to build it up again within new dimensions.<sup>34</sup> Julius Nyerere also emphasises that the primitive community of the black people of Africa functions on a collective basis.<sup>35</sup>

In independent states of Africa considerable progress has already been made with the co-operative movement. Botswana, for example, has in recent years made great progress in the growth of independence in co-operative communities, which are not extensions of government activities, but independent bodies or commercial enterprises that are responsible for their own decisions.<sup>36</sup> In Kenya the co-operative movement came to the fore in 1963, the first year of independence, as one of the best ways by which

socio-economic progress could be made. In 1967 there were already 839 active co-operative communities.<sup>37</sup> In Uganda 1966 was the year of expansion and consolidation of the co-operative movement. A total of 59 new co-operatives were registered in this year. This brought the number of co-operatives to 1918, of which 1883 were primary communities and 35 secondary unions. The membership increased by 17 per cent and the turnover by 13 per cent in comparison with the previous year.<sup>38</sup>

In Zambia 227 new co-operatives were established in 1967, which brought the total to 875. The membership increased from 44 284 to 52 637, share capital from K1 247 718 to K1 340 322 and reserves from K1 878 416 to K2 372 286. The turnover increased from K9 896 054 to K10 258 002.<sup>39</sup>

The vast majority of the co-operatives in these African states are "multipurpose societies" with a smaller number of specialised co-operatives such as consumers, credit and building co-operatives, etc.

Production co-operatives are also becoming more important. In Kenya 300 000 small coffee growers grouped themselves together in 1966/67 into 159 co-operative groups that produced 27 124 tons of coffee out of the nation-wide total of 54 829 tons.<sup>40</sup>

It therefore appears that progress is indeed made with co-operatives and that being co-operatives as such, if they are adapted to local conditions, involve few clashes with existing The co-operative enterprise form traditions. apparently fits in well with the habit of sharing. These aspects give rise at least to optimism that the co-operative system of farming might also be at least socially/culturally acceptable in many parts of Africa - including potentially at least certain homelands in South Africa. If this is the case, it could also make a big contribution to agricultural development and therefore also general economic development.

If co-operative farming is introduced in African agriculture, it would not be necessary, as in Soviet Russia and other parts of Eastern Europe, to break down centuries old traditions of private farming. A certain degree of social adjustment would be necessary though.

The requirements for collective and/or co-operative farming practices in the South African Bantu homelands have already been recognised for some time.

Terreblanche<sup>41</sup> stated six years ago that it would be necessary to look for collective and/or co-operative forms of organisation that would fit in more effectively with the cultural nature and attitude to life of the Bantu.<sup>42</sup> The Tomlinson report also emphasises that a co-operative should be promoted in every possible way and that with time it could become a primary instrument of development.<sup>43</sup>

To mobilise people who live below the poverty datum line there is probably no more effective measure than the co-operative organisation.<sup>43</sup> The question now is to find a suitable formal organisation that would meet the particular needs and requirements of the Bantu population.

It has already been shown that where the tribal organisation is deliberately harnessed great improvements in agricultural practices can follow, for example, certain tribally organised grazing improvement systems in Rhodesia. So "multi-centred" communities can show economic successes.<sup>44</sup>

The kibbutz or artel type settlement might hold great promise in certain areas. They could in particular be applicable for people who have no fixed rights and for whom everything must be organised from the start<sup>45</sup> or perhaps also where rights exist, but within sept or tribal context.

The organisation of the different settlements could begin among the Bantu on a family basis with the possibility that, if so decided, they could later be extended to the sept or even to the whole tribe. If they began on a family basis there would be little harm to traditions and the authority structure would also be retained. In the case of extension unqualified members would not have to concern themselves with management aspects.

The domestic farm units of the kolkhoz type organisation would probably fit in optimally here to retain individuality to an extent and to supplement income if, of course, enough land is to be available to set aside for this purpose - perhaps a quarter to half a hectare per member.

To a great extent the kolkhoz may be regarded as an in between stage between the artel or kibbutz and the moshav. It may, for example, be expected that the Bantu will have difficulty in accepting certain aspects of the kibbutz and artel organisations, for example the collective housing of children and collective pre-school education of the kibbutzim.<sup>46</sup> Similarly he would not within the foreseeable future readily accept communal ownership of livestock. However, experience shows that within a communal context, if he can perceive the advantages of it, he accepts restrictions on livestock numbers.<sup>47</sup>

In the beginning stages anyway the co-operative form will therefore have to be aimed largely at the production of cash crops, the regulation and organisation of grazing rights (including veld control), forestry activities and perhaps the management of livestock enterprises that are normally less dependent on natural grazing. The second type of U.A.C. in Czechoslovakia<sup>48</sup> might serve here as an example.

In seasons when less labour is required for production purposes such enterprises can use labour resources, as is the case with kolkhozy, for capital works or for contract work.

Geyer<sup>49</sup> is an advocate of small co-operatives with the accent on increased and efficient production. In nature this concept is the same as the moshav type organisation and more specifically the moshav ovdim, where the accent is particularly on communal production. It could probably be the most promising in the specialised directions such as irrigation farming, dairying, pigs, etc. He also

foresees that such family co-operatives could become members of bigger marketing co-operatives.<sup>50</sup>

Israel's agricultural settlements are socialist by nature, but not necessarily large-scale enterprises (moshav). Nevertheless it can be found that the level of co-operative collaboration and of the technological development is often higher than is the case in the socialist countries. Similarly the advantages that these settlements have for development in all its aspects (technical, management, etc.) can also be favourably compared with those of the socialist collective (large-scale) enterprises.

Geyer<sup>51</sup> is also of the opinion that the existing strong family ties among the Bantu could be the key to successful co-operative family units. This could indicate that agricultural development is possible even retaining the community structure and here also lies the greatest potential usefulness of the socialist collective farming system that in the Soviet Union, according to Wilber,<sup>52</sup> was the key to the success achieved in the agricultural sector in increases in marketed products and the channelling and utilisation of the surplus agricultural labour.

However, Nove and Laird<sup>53</sup> point out that collective enterprises - particularly in the beginning stage - were unable to organise effectively the relatively labour-intensive processes such as vegetable cultivation. This finding can be supported by the poor vegetable yield of the collective enterprises in the various socialist countries until late in the fifties.<sup>54</sup>

It therefore appears that the form of enterprise will have to suit not only local conditions, but also the product.

#### 4. CONCLUSION

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So far this article has discussed the potential contribution of certain types of socialist farm enterprises to the development of agriculture in Africa. The accent has been on the Bantu's communal attitude to life and on the potential role of the co-operative movement.

Emphasis will have to be placed throughout on management and management development. Training will have to play a key role in this. Guidance will also have to be provided in the establishment of such units and their development. In addition, particularly at the beginning, there will have to be supervision. At first glance these all look like functions of the authorities. However, it will probably be desirable to institute a division of Aspects such as the establishment, powers. organisation, financing and supervision of production in such units are so commercial in nature that the guidance in this connection should rather come from corporations such as the BIC. However, the State can also play an important part in the provision of credit through the corporations, the registration of companies and, in particular, in agricultural extension and physical planning aspects.

As regards established organisational arrangements, patterns such as those applied in

Eastern Europe and as described in a previous article<sup>55</sup> can serve as a guide.

The development of agriculture in Africa including the Bantu homelands of South Africa need not necessarily take place strictly in accordance with the Western, capitalist model or strictly in accordance with the socialist model. It is extremely likely that a mixture of the two models would produce the best results. Development is in the first place dependent on voluntary co-operation and therefore organisational structures must be adapted to the needs, culture and customs of the people.

Because in South Africa each homeland is built up with the concept of nation or ethnos as a central binding thread the practicality of different types of farming organisations deserves in-depth research into acceptibility.

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