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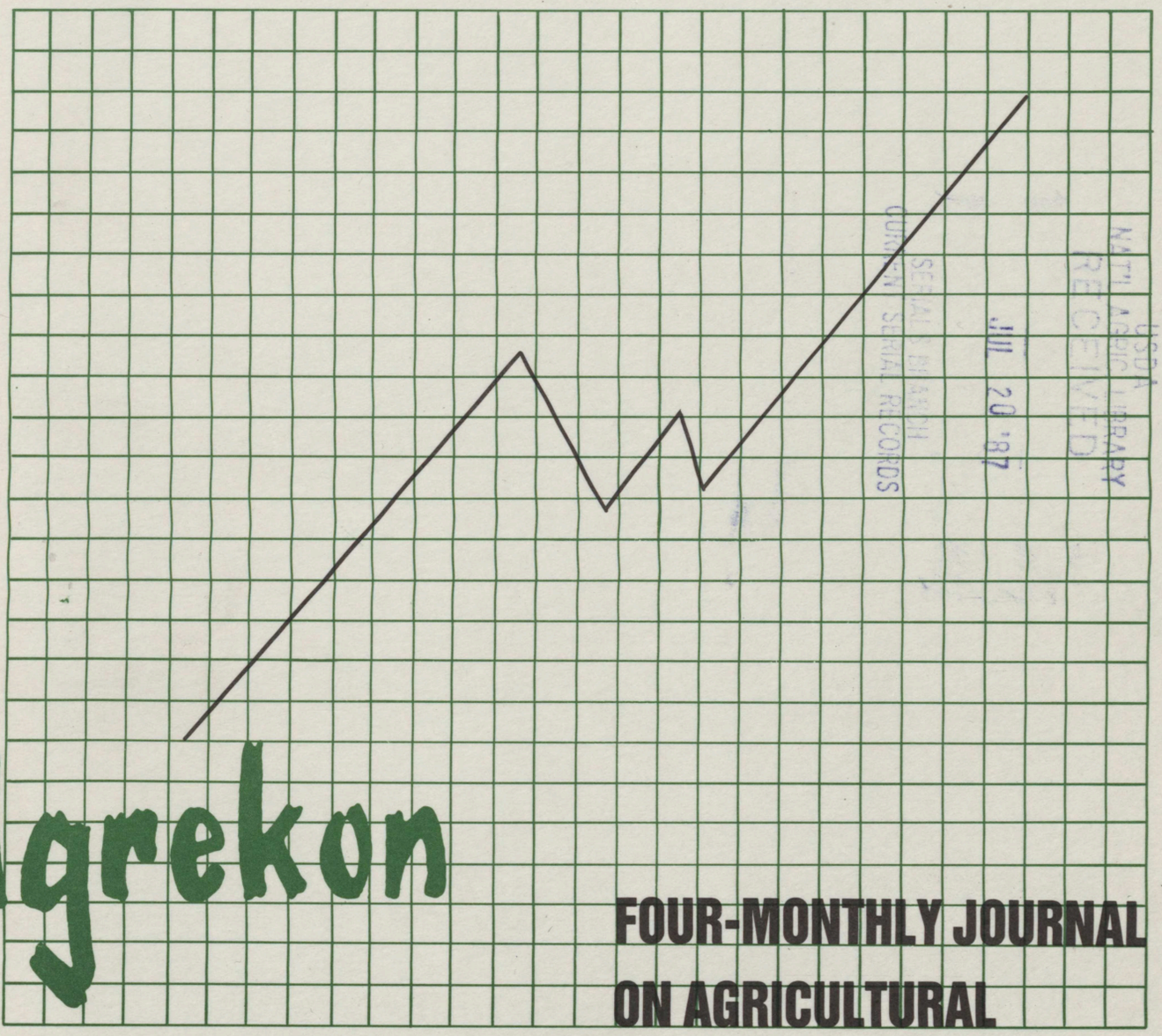

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CHANGE IN THE AGRICULTURAL POLITICAL MARKET - IMPLICATIONS FOR THE FUTURE

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INTRODUCTION

If one goes back far enough in history, it is evident and obvious that in just about all countries agriculture has played an important role in politics and *vice versa*. In some of the developing countries it is still playing a major role. Developed agriculture in South Africa had its roots in the establishment of the Free Burghers (possibly the first major agripolitical step in our country's history), the actions of leaders such as Governor Van der Stel and President Paul Kruger and indeed the existence of the independent Boer Republics. Developed agriculture's link with politics has remained strong until recent times. Witness the number of Members of Parliament who are farmers, and the number of farmers who are agripoliticians.

The role of politics in developing agriculture, which has the tribal system as its base, has changed little with time. The establishment of self-governing and independent states has probably tended to increase the role of politics in agriculture in those states.

A paper on the changing agricultural political situation is therefore decidedly a relevant item on the agenda. Inevitably, some uncomfortable, but critical questions will have to be asked. Most of us believe in freedom of speech, and hopefully we will not be disturbed when use is made of this privilege.

AGRICULTURE, ECONOMICS AND POLITICS

In the discussion which follows it is assumed that as far as the overall political arena is concerned, some sort of democratic process is operative and that a predominantly capitalist system is preferred. However, it is important to recognise that these assumptions do not apply to certain sectors of our community. A body of opinion undoubtedly exists, mainly amongst older Whites and younger Blacks, that believes that central planning works better than the free market and that the majority is liable to choose the wrong central planners in a democratic hierarchy. Nevertheless, for the purposes of this paper it is accepted that political decisions are made via a voting procedure and that economic choices are made, at least to a degree, via the market mechanism. In agreement with Arrow (1952, p. 1) it is also recognised that in most countries the voting mechanism gradually began to replace the market mechanism after World War II, although since about 1980 this trend seems to have lost its momentum.

This increase in power on the part of politicians tends to be confused with virtue. Powerful individuals become imbued with the idea of a mission - an exaggerated sense of power which leads to an imaginary sense of mission the main objective of which is often to reshape people in their own image. Power breeds arrogance when these individuals develop a psychological need to prove their superiority (Fulbright, 1966). The limit is reached when they insist on being paid well with money obtained from the very people they want to reshape. Man's missionary instincts drive him to telling people what to do, whereas most people do not like to be told what to do. Nobody likes paying to be told to do what he/she does not want to do.

An attempt at the fusion of the disciplines of agricultural economics and politics into agripolitics gives rise to what Buchanan and Tullock (1969, p. iii) refer to as the potential of a genuine "fence-row" situation. Although it may be true in certain cases that "good fences make good neighbours", it is impossible for us, as agricultural economists, to accept the statement so often uttered by politicians that politics should be left to them. The politician invariably assumes a right to be involved in economics, but takes umbrage when the economist broaches politics.

At the same time agricultural economists frequently complain that the politicians pay scant attention to their views and theories. This is, on reflection, not surprising when economists attempt to apply economic theory to politics. It should be borne in mind that utility maximisers (in economics) can be considered to be involved in a positive-sum game, whereas the power maximisers (in politics) are always involved in zero-sum games (Frey, 1978, p. 67). Stigler (1983, p. 82) puts the blame on the economists, who, he says, have refused to listen to society. In response to this problem, Schmitt (1984, pp. 129-136) believes that one has to analyse the political objectives and decision-making processes in a systematic manner, on the basis of the assumptions and conditions of these objectives and decision-making processes in a democratic system, as is attempted in the Public Choice Theory, which is

*The author is indebted to colleagues Philip Spies, André Myburgh, Symond Fiske, and John Harrison for ideas and criticisms

commonly referred to as the New Political Economics. (See Hagedorn, 1985, pp. 238-248 and Katharina Haase, (1983, pp. 405-406). Downs (1957, p.280) says in this regard that we should treat politics as an endogenous variable rather than simply a disturbing influence of a self-regulating economy. It must also be recognised that the officially declared objectives often differ from the objectives of politicians intent on re-election (Schmitt, 1983, pp. 1-13). Political decision-making is often inclined to be "conspirative" (Schmitt, 1972, pp. 213-220). Practical politics can therefore be said to be far removed from the "synoptic ideal" of welfare maximising decision models.

With a steady increase in the use of the voting mechanism over the price mechanism as referred to earlier, we usually experience a concomitant increase in the bureaucratic machinery (Tullock, 1965). When these bureaucratic institutions become too large, we have what Tullock calls bureaucratic free enterprise in that the individuals at the top (politicians and bureaucrats) cannot control everybody.

PAST ISSUES

Looking back at commercial agriculture in South Africa to the beginning of the century, it is possible to identify various significant issues that have occupied the agripoliticians during this period. These will be discussed briefly, mainly in terms of their possible influence on future developments.

The first period concerns the reconstruction of agriculture after the Anglo-Boer war. Although many Afrikaners left the land, many remained behind and today this group constitutes about two-thirds of our farming community. Through their own initiative and with the help of various organisations, the English-speaking landed gentry gradually lost most of the little agripolitical power they had to the Afrikaner. The particular characteristics of this majority group within agriculture have had and continue to have a profound effect on the development of commercial agriculture in this country. Their strong conviction that "unity is strength" and the belief, originally spawned by the industrial revolution, that size, organisation and consequently strength mean success (Toffler, 1980, p. 272) led to the establishment of particular institutions to achieve the perceived objectives.

During the first three decades or so of this century the main issue would appear to have centred around organisational aspects, especially in regard to the establishment of the SAAU and its affiliates, and around the supply of agricultural inputs and outputs via co-operatives. Although there were many failures in the early days, the co-operative movement is one of the strongest, relative to the size of the agricultural industry, in the New World. The firm belief that a better term for healthy competition was "unnecessary overlapping" resulted in some giant agricultural co-operatives being established.

The second major issue which occupied the minds of the agricultural sector at more or less the same times was agricultural finance. This culminated in the establishment of a central Land Bank in 1912 and the increasing importance of agricultural co-operatives as sources of finance for inputs. As was the case in most other countries, the agricultural sector was able to persuade the powers that be that it deserved special treatment, particularly as far as finance was concerned. This resulted in a programme of relatively cheap credit for the "rehabilitation" of farmers. The concept of compulsory co-operation was also introduced.

"Orderly marketing" was the next issue which was addressed, largely owing to the failure of the co-operative movement. The passing of the Marketing Act in 1937 and the subsequent amendments resulted in some measure of control in the marketing of about 80 per cent of the total value of South Africa's agricultural production. It was and possibly still is believed that control over supply and/or price serves the long-term interests of both producer and consumer. There is little doubt that this Act saved the co-operative movement.

The strong conviction that unity should be achieved "at all costs", referred to earlier, has given rise to the entirely undemocratic nature of virtually all quasi-Government organisations serving the farming community. There is no democratic representation by any group of farmers on their respective marketing organisations, since the Minister in every case has the final say as to who should sit on the Board. The continuing arguments in the maize industry are a good example of this, with the Minister refusing to reappoint members who could have been described loosely as having been democratically elected in that NAMPO nominated them democratically. The Minister accepted them originally but they were not reinstated, probably because they were becoming "too difficult".

The next issue to which attention was given was soil conservation. Agripoliticians persuaded society that it was in its long-term interests to subsidise agriculture and thereby conserve the nation's most precious resource, the soil. This was manifested by the passing of the Soil Conservation Act in 1946.

Then followed something of a mixed bag. Farm management and the accompanying "book-keeping/recordkeeping" drive by the agricultural economist and the striving for maximum production per unit by the physical scientists, were in vogue. The problem of uneconomic units also received attention and the Subdivision of Agricultural Land Act was placed on the statute book in 1970. The emergence of private extension in the place of "public" extension was also evident. This period was also characterised by a "complain and obtain" syndrome. It should be borne in mind that the Marketing Act was an enabling act and as such lent itself to all kinds of amendments. Furthermore, subsidies were instituted on inputs such as fertiliser,

transport, extension and credit. Government policy was generally sympathetic towards agriculture.

The whole spectrum of developments discussed above has resulted in a situation where tremendous power is wielded by a relatively small number of individuals and organisations - a sort of agrarian-industrial upper class or "nomenklatura". The formation of specific central co-operatives, for example, has further isolated them from the general farming public. The result is an almost autocratic attitude on the part of the authorities, who are riding roughshod over " lesser mortals" who show signs of wanting to interfere. For instance, the request by the commercial banks, who provide a major share of agricultural credit, to be represented on the Jacobs Committee is being blatantly ignored.

The concentration of power in the hands of a few would also appear to have been the reason for the centralisation of abattoirs. For example, as far as is known, City Deep and Cato Ridge were not established at the behest of either local authorities or farming communities, but apparently of vested interests. However, the farming community at large continues to foot the bill.

The growth of monopolies in agriculture on the distribution side of the farm gate is continuing to gain momentum. Effective competition has often been eliminated because of various forms of Government control.

In the early 1980s labour became an issue to be resolved. A new approach based on the behavioural sciences rather than on physical production was adopted.

As far as developing agriculture is concerned, the main agripolitical issue in the eyes of Blacks has been insufficient land, whereas Whites tend to view land tenure and "inefficiency" as the main issues. Probably the most significant single factor in the history of this agricultural sector was the rejection of the salient recommendations of the Tomlinson Commission.

During the same period certain "eras" can be distinguished. For the sake of brevity, only the period after World War II will be considered. In the first decade and a half after the war, the wool-growing fraternity would appear to have dominated the agripolitical arena, followed in turn by the dairy and red meat industries. Although it may be coincidental, during the time of their pre-eminence the respective industries experienced the most serious setbacks in their history. Artificial fibres, yellow margarine and of late the general attack on the red meat industry are evidence of this.

FUTURE ISSUES

Having discussed the various agripolitical issues of the past, we can now consider what issues are likely to be encountered in the future. This is an onerous task, especially at a time like the present when considerable changes in the political dispensation are probable.

Let us first establish a base from which the likely future issues may develop. First, until recently it was generally believed that the advantages of economics of scale far outweighed any disadvantages. Bigger was always better. However, society has realised that this is in fact not so any more and the "small is beautiful" philosophy is becoming more and more popular worldwide (Toffler, 1980, p. 272). Secondly, consensus as a means of political decision-making at whatever level is collapsing. There is a discernible worldwide increase - almost a proliferation - in very specific special interest groups. Thirdly, the present institutions of government are simply not capable of handling the decision-making processes and required adjustments with the necessary speed. The recent Chardonnay "scandal" comes to mind as an example. The dissemination of information, transport, production processes and so forth are being effected at greater and greater speed, but the ever-increasing bureaucratic machinery attached to politics at all levels seems not only to be moving more slowly than ever before, but also seems to be incapable of charting a clear, unambiguous and quantifiable course for the future. The recent White Paper on agricultural policy is a good example here. Fourthly, in some quarters at least, a greater concern for minorities is developing. People are beginning to realise that there are certain things which majorities should not be allowed to do to minorities. Fifthly, developing agriculture will no doubt have to occupy a considerable portion of the agripolitician's time in future.

Although there are no doubt a multitude of other changes which could be built into the base, we shall conclude by adding only one more, viz that society's concern about the environment will present a more powerful forum for debate in future. With the above change indicators, the base is considered to be sufficiently broad and it is felt that the effects of these indicators are likely to have far-reaching consequences for the future agripolitical dispensation in Southern Africa. The likely effects of these change indicators will now be dealt with in turn.

From "bigger is better" to "small is beautiful"

The development of the co-operative movement into, *inter alia*, a number of giant organisations has now become a problem instead of part of a solution. There is already evidence that some of the more progressive farmers find it more profitable to trade outside the co-operatives wherever this is possible. The counter argument that this is only possible because of the strength of the co-operative movement, which makes good business deals at the margin profitable, is probably not devoid of some truth. Nevertheless the trend is there and it is likely to grow in time. Moreover, ordinary members of co-operatives, and of many other agricultural institutions as well, have become disillusioned. The director's/board member's election manifestos often proved to be somewhat overambitious - no doubt

such manifestos were made in the genuine belief that the size of the organisation and collective action would make it possible to solve agriculture's woes. Having been placed in the "corridors of power", these leaders were suddenly confronted with the realities of economics and the market mechanism, which they could not ignore, even if they had wished to. A metamorphosis would then take place when ideals were translated into realities, resulting in the following typical reaction from the ordinary member: "The board member is not the person we used to know; he/she has changed". The illusion of the power of size is still found among ordinary members, but the numbers of those who cherish it are declining. This gradual erosion of a largely fictitious power base and therefore of the assumed strength of the co-operative movement, for example, has profound implications for agripoliticians.

At the other end of the spectrum, the resilience of the smaller farmer has surprised most observers. It was generally believed that the larger farmer was the one most likely to survive the difficult times, but the organisational ability of farmers and their ability to adapt, especially in the case of the smaller producer, was underestimated (Schmitt, 1983, pp. 1-13). The emergence of a more vociferous corps of part-time farmers (in most cases relatively small), and regarded by so-called full-time farmers as falling into the non-*bona fide* category, is indicative of the lack of recognition of change indicators. Agripoliticians would be wise to recognise the emergence of a new force in the agricultural arena and the inevitable greater integration of agriculture with other sectors of the economy. Also, the smaller full-time farmer will have to receive more attention from the agripoliticians. In the past many of the issues that occupied the minds of agricultural leaders (such as death duties and income tax concessions for instance) were centred around the problems of the larger farmers.

The perceived problem of uneconomic units is also likely to be challenged. The concept that there is such a thing as a minimum acceptable standard of living for a commercial farmer will be seen by some as nothing less than a perpetuation of an agricultural yeomanry.

Market relatedness

The Government has decided to make agriculture subject to more market-related forces. Although, as mentioned earlier, the farmers' organisational ability and capacity to adapt are surprising their price-political adaptability is generally less good.

The more market-related dispensation is likely to lead to a higher cost structure and demands for higher product prices - something the agripoliticians are not likely to be able to sell to the consumer.

A more market-related dispensation will also have its effect on the system and agents of controlled marketing. More and more farmers are questioning the advantages of interfering with the market mechanism. This matter is likely to be debated even more strenuously in the future and the protagonists of control will have to be well prepared if they are to have any measure of success. No less than about a decade ago the "free marketeers" were scorned and ignored. Now they have captured the popular imagination of a certain sector of the White public and the advocates of control are on the defensive.

Increasing number of special interest groups

The drift away from consensus and the ever-increasing number of special interest groups being formed make concerted action by agriculture as a whole exceedingly difficult. This could mean that different groupings of special interests will have to be made in order to be able to get a majority decision on particular issues. This trend has already started in South African agriculture, with specialty organisations for maize, winter grain, crops grown under protection, milk, table grapes, apples, etc.

Such a trend will of course make a body such as the South African Agricultural Union as it is structured at present less and less acceptable. Special interest groups will demand their "pound of flesh", probably by insisting on voting strength according to financial contribution towards the organisation. This would especially be the case if, as seems likely, the SAAU were to be granted material decision-making powers, the absence of which makes it largely ineffective at the moment.

The co-operative movement could in future be seen as one such special interest group. Considerable conflict could arise between the supporters of co-operatives and those who are concerned about monopolistic tendencies in this area.

Unwieldy organisations

Another problem which will have to be resolved by agripoliticians is that the *modus operandi* of many of the agricultural institutions is not geared to taking decisions with the necessary speed. (The same applies to some other sectors of the economy as well). With everything else moving at high speed, there simply is no time, for instance, to let an issue go from farmers' association to provincial and finally to national congress before anything gets done. New *modi operandi* will have to be developed to eliminate the defects, biases and shortcomings if these organisations are to retain credibility (Nello, 1984).

Devolution of power and power sharing

The present Government is committed to devolution of power and power-sharing with Blacks as well as with other groups. In the first instance, such a system increases the number of decision-makers (Schmitt, 1972, pp. 213-230) without reducing the total number of problems the Government has to deal with. A further consequence

of such a dispensation is that a voter has fewer issues to deal with and voter influence is improved (Tullock, 1965, p. 36). Bureaucracy increases with the devolution of power, the consequences of which need no elaboration.

Assuming that genuine power-sharing, especially with Blacks, is achieved, there is little doubt that the main problem that will have to be resolved will be the distribution of land. Access to markets for Black farmers will be another major political issue. Legislation concerning the racial allocation of land will come under attack, especially the Black Land Act, No. 27 of 1913, and the Development Trust and Land Act of 1936. There is little doubt that the Blacks will take a careful look at what Stadler (1976) terms the "white capitalist oligarchy" in agriculture. Another issue which will have to be addressed is the lot of farm workers. These three issues are likely to overshadow all the others.

The environmentalists

More and more people are becoming aware of agricultural practices that are detrimental to the environment. Their political clout is becoming stronger and an increasing number of constraints are likely to be placed on agriculture, especially in the area of land use and the use of chemicals (Batie, 1985).

Pest and disease control preparations that present a potential health hazard are likely to receive increasing attention. Riverwater pollution by irrigation farmers is another problem area that will have to be addressed.

Hikers, nature lovers, campers, etc. will demand access to privately owned land if the owners do not allow it. The concept of unlimited landowners' rights will be challenged by people who will ask: "Does this country belong to all South Africans or to a relatively small number of individuals?"

Reduced farmer numbers

With the constantly declining numbers in agriculture it is obvious that farmers will have to concentrate more and more on weight of argument rather than weight of numbers (Campbell, 1966). This means that at least some farmers' organisations will have to be strengthened technically and intellectually, otherwise farmers will be tempted to use a particular political party rather than their own organisation to achieve particular goals, thereby reducing the farmers' organisation's prestige and effectiveness. Politicians on their part are likely to look at increasing the alternatives open to farmers rather than direct assistance (Harris, 1970).

CONCLUSIONS

The agripolitical arena is likely to change considerably over the next decade. Change always brings with it an element of uncertainty and it will require adept leaders to steer agriculture through some rather difficult times of adaptation. Large and unwieldy organisations will find it difficult to survive and smaller speciality organisations will probably gain increasing support.

Ownership of agricultural land, the role of developing agriculture and labour are likely to be the important issues to be debated. Most of the issues of to-day are likely to be with us still, but will be relegated to lower positions on the priority list.

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