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## REVIEW: AGRICULTURE IN THE 1990'S: AN ECONOMIC-POLITICAL PERSPECTIVE

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The Transvaal Action Group of the Agricultural Economics Association of Southern Africa (AEASA) presented a symposium on "Agriculture in the 1990's: An economic-political perspective" at the CSIR Conference Centre on Wednesday, 20 February 1990. Some 270 delegates, mainly from 'Organized Agriculture', agribusiness and AEASA, attended.

The programme was divided into two sessions. The president of AEASA, Dr Kobus Laubscher, welcomed the delegates and chaired the first session. This consisted of two formal papers, the first by Prof Charles Simkins, holder of the Helen Suzman Chair of Political Economy at the University of the Witwatersrand, and the second by Proff Jan Groenewald and Eckard Kassier, Heads of the Departments of Agricultural Economics at the Universities of Pretoria and Stellenbosch, respectively. The second session consisted of a short presentation on relevant topics by seven agricultural leaders, extra-parliamentary political groupings and/or agricultural economists, followed by a group discussion involving all participants in the programme. Dr Johan van Rooyen, past president of AEASA, chaired the session.

In his address entitled "The social, economic and political content - Prospects and options up to 1995", Prof Simkins first discussed the urban and rural demographic characteristics of South Africa. While whites, coloureds and asians are largely urbanized, roughly 50 percent of blacks at present are living in urban areas. Influx control retarded black urbanization outside the homelands from the mid-fifties to the mid-seventies. From the early seventies black settlement became concentrated in homeland fringes of metropolitan areas. Increasing penetration of black people into core cities has occurred since the mid-eighties, partly due to the abolition of pass laws. This is expected to gain more momentum if and when the Group Areas Act is repealed. In this respect it is important to note that existing urban management systems are performing poorly and are grossly inadequate, specifically when taking into account new developments. Increasing levels of effective subsidisation will therefore be needed. The rural black demography changed dramatically since 1950 when 35 per cent of black people lived in rural 'white' areas and 39 per cent in the homelands. At present, 12 per cent live in 'white' rural areas and 58 percent in the homelands. Important features of this process were a shift to wage employment on farms and massive outmigration, rising homeland densities, homeland urbanisation and closer settlements. Important is that control mechanisms are breaking down. The black population of farms is likely to rise in future. Despite the rapid urbanisation, the absolute number of people in rural areas will also continue to rise. This holds important implications for the poverty profile. There is substantial poverty among rural coloureds and all black people: 33 percent of urban blacks, 54 per cent of homeland urban blacks, 58 per cent of rural coloureds, 72 per cent of rural blacks in 'white' areas and 84 percent of homeland rural blacks live under the poverty line of R695 per month (47

per cent of all blacks live under the poverty line). An economic growth rate of 2,5 per cent per annum from 1991-1995 will be insufficient to reduce poverty, which will hardly be reduced by an annual growth rate of 4 per cent over this period. Special measures are therefore needed to alleviate poverty, and rural areas have greater claims than urban areas in this respect.

Prof Simkins also referred to the short and medium term economic outlook. The economy is presently at the bottom of the business cycle. Dangers are unemployment, serious deterioration of conditions in the townships and the difficult period for negotiations. Bright spots include a possible decline in interest rates and an improvement in the balance of payments. On the political front the process of deracialization is well on its way. This will bring an end to the division of the South African economy into non-competing groups and will bring about a more continuous distribution of enterprise sizes, including the farm ladder. There will also be competing claims on assets, namely on adherence to existing property rights versus claim to compensation, and clashes between rights as recorded on property deeds and perceived rights by communities in the rural areas. The poor economic performance in the eighties also means that land issues will be more salient in the nineties.

Political success will however require a negotiation of a new constitution, more widely based economic participation and the creation of a new framework for accumulation.

According to Prof Simkins, rural areas face the possibility of a shut-out in future development because the rural population is now a minority, the lack of adaptability and the political configuration in both black and white areas. Special problems will be encountered in the rural homeland areas in this respect, namely:

- (1) Massive out migration could destabilise both the commercial farms and the cities;
- (2) land tenure reform should be done with caution in these areas and only after due consideration of the impact on those with the weakest claims to land;
- (3) *in-situ* farmer development programmes should be used as far as possible; and
- (4) income generating opportunities in the non-agricultural sectors should be exploited.

With the above in mind the first steps to a new rural development framework include the following:

- emphasis of negotiations and community participation;

- expansion of farmer support programmes to all;
- establishment of special agricultural areas for small-scale farming;
- expansions in state owned grazing land (with suitable management);
- that no *ad hoc* disposal of South African Development Trust land will occur;
- provision of opportunities for non-agricultural rural development;
- opening of rural towns to all; and
- increased finance for rural development (cities ought to be self-sufficient).

Proff Groenewald and Kassier presented a paper entitled "South African agriculture : Past, present and future". They pointed out that the main challenge is to provide for both growth and equity. Under prevailing and expected conditions, neglect of either or both may herald an abyss of socio-economic chaos and degradation. In this endeavour it will be necessary to review past mistakes and follies, not only in South Africa, but also elsewhere. Future policy involving Southern Africa should be built on logical deduction including sound theory and cognisance of success and failure locally and elsewhere. With this in mind they started with a brief history of South African agriculture, followed by a description of the present *status quo*, some foreign experience and proposals for future policy and action. Groenewald and Kassier accentuated the dualism and structural diversity in agricultural production. They conclude that both the white commercial and black subsistence sectors experience serious problems at present. This calls for a meaningful restructuring process without repeating mistakes of the past and that the process will also draw from relevant foreign experiences in Eastern Europe, especially Hungary, some African experiences and experience in China. In their agenda for the future, Groenewald and Kassier argue that excessive control is harmful, both in terms of efficiency and equity. The remedy therefore lies in deregulation with the emphasis on sustainable and equitable growth. Decentralized decision-making and privatization should also involve agricultural extension. The latter should be concentrated on small farmers in traditional areas. Land tenure should also be addressed in these areas. More effort should go into adaptive research in order to make technology appropriate to local, natural, ecological, economic and social conditions. More emphasis should also be placed on part-time farming.

In the second session, Dr Fred le Roux, farmer and businessman from the Eastern Free State, addressed the general problem of agricultural development in the homelands. He also put forward some interesting ideas on profit sharing between farmers and labourers, as well as other ways of increasing the quality of life of farm labour.

David Cooper, member of the ANC Land Commission and the Environmental Development Agency (EDA) explained the necessity of a more equitable and just society in a new dispensation. An important point is that the market has an important role to play in this respect, also in agriculture. However,

past injustices will have to be addressed. This calls for agricultural restructuring with the emphasis on social, economical and environmental sustainability. The land issue is basic to the problem of restructuring and land hunger and claims will have to receive careful and immediate attention.

Mr William Mullins, farmer and vice-president of the Natal Agricultural Union, spoke in his official capacity on the challenges facing farmers in the next decade. The Natal Agricultural Union's policy is not only to open its membership to all races, but also to actively recruit black, indian and coloured farmers. He expounded on the necessity of such a step and outlined the benefits of a united front including members of all races in a new dispensation.

Mr Charles Deiner, farmer, businessman, chairman of the Agricultural Committee of the South African Chamber of Business (SACOB) and also member of the Maize Board, expressed some of the fears of the white farming community. He also emphasized the importance of agriculture in the economy, specifically its role as employer of mainly unschooled labour, supplier of food, earner of foreign exchange and agriculture's linkages to the rest of the economy. He stressed the need for market solutions to agriculture's problems in the 'new' South Africa.

Regional cooperation between white and black farmers was addressed by Mark Lyster of the Development Bank of Southern Africa. He quoted several examples where cooperation between white and black farmers across existing 'borders' benefitted the wider region. The scope for future cooperation, especially in the interim period, and the Development Bank of Southern Africa's role as a facilitator, were also discussed. An appeal was made for existing organisations supporting the agricultural community to examine the access to their services in the context of the changing agricultural environment.

Mr Patrick Sokhele from the South African Cane Growers' Association outlined his organization's success story with respect to the establishment of viable small black sugar-cane farmers in KwaZulu. He stressed the need for education and proper management as prerequisites for sustainable economic development in the black rural areas of South Africa. He also accentuated the necessity of 'grassroots' participation in development efforts and the dangers of a 'top down' approach. Access to markets and to production inputs was identified as crucial in the agricultural development process.

The socio-economic upliftment of farm labour was addressed by Mr Ockie Bosman of the Rural Foundation. The need for housing, schools, education and training of farm labour was articulated. The relationship between labour productivity and motivation was also spelled out.

Several delegates took part in the discussion that followed these introductory statements. Agriculture in the 'new' South Africa received specific attention. Specifically the land issue was raised a number of times. This seems to be not only an extremely delicate and sensitive issue, but is also highly emotional. There seemed to be consensus among delegates that we should have a more just and equitable dispensation in agriculture, including among others access to land, resources, markets and farm labour. Basic values and ethics are important. In the interim period the lack of security of expectations can harm agriculture. A declaration of intent is needed to address uncertainties and fears.