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AGRICULTURAL CHANGE, RECONSTRUCTION AND DEVELOPMENT IN SOUTH AFRICA: COMMENTS ON THE RDP

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The marked inequality in distribution of wealth and resources in South Africa, notably farm land, support services, and consequently opportunities to compete in agricultural markets, necessitates carrying out of a comprehensive rural restructuring aimed at eradicating the persistent poverty among the almost 16 million residing in rural areas. In the long term, development of these areas should yield a fast-growing and sustainable rural economy characterised by maximum participation of society through entrepreneurship, employment and income generation. Various interest groups which participate in and influence debate and analyses of issues on agricultural and rural development, offer different viewpoints on this aspect. The ANC's Reconstruction and Development Programme (RDP) has been drafted based largely on the common strategic notions emanating from these debates. This paper highlights and discusses some issues raised within the RDP with respect to agricultural policy. The surprisingly limited reference to agriculture within the RDP, exposes an urban bias in the various programmes proposed. This paper includes comments which should be seen against the background of the need to lobby for a more significant positioning of agriculture within the government of National Unity's programme of reconstruction and development.

Die merkbare ongelykhede in die Suid Afrikaanse Landbou-ekonomies noedsaak 'n herstrukturering van die sektor ten einde groter welvaart en produktiwiteit te skep. Die ANC se Heropbou en Ontwikkelingsprogram poog om 'n raamwerk daar te stel. Hierdie raamwerk word bespreek en aanpassings word aanbeveel met die oog op die opstel van 'n "Heropbou en Ontwikkelingsprogram" deur die nuwe Regering van Nasionale Eenheid. Sake wat bespreek word sluit die volgende in: Grondsaak en boervestiging; waarheen met kommersiële landbou; bemarking en voedselsekuriteit; landboudienste, krediet en infrastruktuur; landelike ontwikkeling.

1. Introduction

As the majority of the people in need reside in rural areas - the reconstruction of the rural and agricultural environment can be expected to be an important and dynamic force under a democratic government.

Various interest groups, locally and internationally, offer different policy viewpoints regarding the restructuring and redressing of these imbalances in the rural and agricultural sectors. Consensus among reports from various scholars and development institutions (the groupings include the Development Bank of Southern Africa, the Land and Agricultural policy Centre of the ANC, South African Agricultural Union, Department of Agriculture, various South African universities, Department of Land Affairs, The World Bank and a range of NGOs, CBOs, conferences and independent consultants (refer to Christiansen, Van Rooyen and Cooper, 1993) since 1992 appears to favour comprehensive rural restructuring programmes aimed at creating access to land, support services and other resources, to those previously denied such access, to allow for productive and sustainable land use and farming. An immediate goal of such programmes would be to enhance the quality of life of the impoverished rural communities thereby eradicating the persistent poverty amongst these communities. A long term goal would be that of building up a fast growing and sustainable rural economy characterised by maximum participation of society through entrepreneurship, employment and income generation.

The drafting of the Reconstruction and Development Programme (RDP)(1994) and various policies on Land and Agriculture should be viewed against this background, ie. that of a remarkable conversion on strategic notions amongst some of the most influential groupings which participate in the debate and analyses of issues on agricultural and rural development. (Van Rooyen *et al*, 1994).

The RDP, however, refers rather scantily to agricultural issues which is somewhat alarming as the reality is that

up to 16 million people reside in rural areas. Rather, a bias towards urban issues emerges in the various programmes proposed. In view of the central position of the RDP for the restructuring of South African society it could be assumed that there is space, for the articulation and elaboration of agricultural and rural issues by the various sectorial stakeholders. These would however, have to be within the terms of the principles and broader programmes of the RDP. It is necessary therefore, to ensure than agricultural issues are placed on the agenda now and not left to become political "footballs".

In view of this limited reference to agriculture within the RDP, it was also necessary to include statements and perspectives from the ANC's agricultural policy document released earlier this year. In this paper various aspects of agricultural and rural restructuring with reference to the RDP principles and guidelines and other related policy documents will be discussed. These include land and farm worker issues, marketing of agricultural products and food security, agricultural support (research, extension, training, input provision, etc.) infrastructure, finance policy and rural development issues.

2. Land issues and farmer settlement

The RDP, stipulates that a national land reform programme is central to and a vital driving force of a process of rural reconstruction and development. Such a programme should aim to redress the injustices of forced removal and also historical denial of access to land through legal means and to ensure security of tenure for rural dwellers.

According to the RDP the land reform programme has two key aspects namely redistribution of residential and productive land to those who were previously denied access, and restitution for those who lost land due to "apartheid" laws. Land redistribution will realise its objectives by strengthening land rights of communities already occupying land; by combining market and non-market mechanisms to provide land; and by using vacant

government land. Where applicable the government will expropriate land acquired by "corrupt means from the apartheid state", and pay compensation accordingly. Additional expropriation may also be used, against fair compensation.

The new government, it is argued, will have to provide substantial funding for land redistribution. In addition, beneficiaries must pay in accordance to their means. A land tax should be introduced, based on clear criteria and must help "free up" unutilized land; must raise revenues for rural development and infrastructure; and must promote effective use of land. The RDP also raises the point that the land redistribution programme must target deprived women as beneficiaries since they often face specific difficulties in obtaining land.

Land restitution must also include the restoration of land to South Africans dispossessed by discriminatory apartheid legislation since 1913, through the use of a land claims court. Constitutional rights to restitution must be guaranteed in order to promote effective functioning of the court. Claims need to be lodged within three years after the institution of the land court.

The RDP aims at redistributing 30% of agricultural land within the first five years of the programme. According to the RDP a land restitution programme must aim to complete its task of adjudication in five years.

Discussion:

The RDP strikes a nerve of the South African society with the emphasis placed on land redistribution and restitution. The importance of these goals is not disputed. It will however, be important to balance these objectives and targets with other national and economic needs such as availability of scarce resources to support the programme; the importance of productive land use for agricultural and food production; and employment and income creation through many linkages generated by a productive farming sector. The South African situation also clearly requires a strategy which exploits various options for land redistribution. The potential of small scale farming settlement, equity opportunities to farm workers and co-operative farming to create a more balanced pattern of ownership of land and productive farming assets in existing farms should be considered.

The RDP, appropriately supports the equalization of the status of different forms of tenure. Private ownership should be viewed as one possible land tenure system. However, land leasing, share cropping (or "time share") and "sectional title" type of options for the new land owners should also be available to assist market driven land redistribution. New and innovative settlement schemes should be introduced on state land to promote access.

Agricultural and residential use should be considered as an outflow from access to land. To ensure that land acquisition does act as a stimulant of development the provision of support services and policies to support the productive and sustainable use of land should equally receive priority. The environmental impact of land settlement, and evolving farming systems will have to be attended to in an inter disciplinary basis. These would need to be designed with the active participation of targeted beneficiaries. This then raises the question of who is to benefit. The RDP in its broad sense seeks to mobilise all the people and resources - present and future - in order to build a sustainable democracy. Within

specific programmes, however due to resource allocations, capacities to deliver and programme objective, criteria will be needed to target communities as beneficiaries.

The target of a 30% land redistribution within five years, where the present land exchange through market processes is about 4% per annum (\pm 5 million hectare per annum), implies that a 20% exchange in land rights will occur. The people in need of land are those who were previously denied access to it by law, and they by conservative estimates, are in the millions. It is therefore doubtful whether this transfer will fully be to the benefit of those previously denied, even if special support systems such as access to finances are activated. It is however doubtful whether this 30% constitutes a realistic target *inter alia* due to the cost of and capacity required by effective support services, both in the farming and residential land situation, to allow for the productive and sustainable settlement of people.

Conclusively, additional measures to release land for agriculture will have to be introduced to meet a significant portion of this target.

3. Commercial farming -Quo Vadis?

The RDP and a range of policy statements from various groupings (Van Rooyen et al, 1994) on agriculture in its reference to commercial farming, expresses support of a market related farming system, the introduction of a rural land tax and the upliftment of farm workers. Essentially a multi pronged approach to agriculture is proposed in which there is space for the existence of diverse forms of farming.

Discussion:

Commercial farming is expected to remain important. South Africa with a large and diverse internal and international consumer market for a range of products have an excellent opportunity to boost a dynamic, vibrant and labour creating commercial farming sector. The link with agro-business is of particular importance.

Commercial farming is thus expected to function in a market orientated environment with less support from the government services than small scale agriculture. Government support is rather to be directed to small scale and emerging commercial farming. (Commercial farming will therefore increasingly have to stand on its "own feet", creating support systems from the private sector). One particularly favourable effect of the market based agricultural policies over the past decade, was the improvement in productivity rates in commercial farming. Labour and capital were used much more efficient by sectors of commercial farming over the past decade, than previously. It is therefore expected that commercial farming will be in a favourable position to survive, especially if market related policies are also employed in the input supply, marketing and processing sectors. Commercial farming in South Africa is also well placed to participate in food security programmes in South and Southern Africa, as well as linking up with agro business and consumers through contract farming and exploiting niche markets with in large consumer markets.

The farm worker issue is critical in the above discussion. To ensure high quality labour, commercial farmers will have to upgrade living conditions and labour arrangements. This will in any case be enforced

by the new labour law and thus a fair argument could be developed for government support for housing and education of farm workers and their families. This and other related policy issues will require thorough deliberation. The introduction of a rural land tax will have to be analyzed carefully to ensure that benefits exceeds costs, including administrative expenditures.

4. Agricultural marketing and food security

The RDP refers only briefly to agricultural marketing, however is discussed in a range of other policy documents. In the ANC policy document on agriculture this is expanded upon. As a starting point the ANC proposes to reform the legislative framework to provide a uniform regulatory and legislative system of agricultural marketing throughout South Africa. The improved provision of and access to marketing services for small farmers will form an important part of government policy and relates to the opportunity to raise the productivity of small farmers (present and new).

More direct government involvement in the regulation of certain commodities, at least on a transitional basis may be justified on grounds of the size of the industry, the existence of monopoly power within the marketing system and the importance for food security, the nature of world markets, or to promote agro industrial linkages. This will call for consideration of marketing and pricing interventions on a case by case basis.

The ANC policy proposes a removal of most of the remaining statutory powers of agricultural control boards in order to free up the marketing system. Certain statutory controls will need to be maintained for reasons of health and hygiene and to enable the collection of data. It is also proposed that uniform national pricing effectively be done away and rather placing greater emphasis on market forces and transportation costs. These recommendations mirror the Kassier committee and AMPEC approaches to a large extent. For strategic commodities for food security purposes, such as maize, a state supported marketing agency will be required to serve as a buyer of last resort through operation of a floor price system.

These policy statements furthermore proposes that the composition of the National Marketing Board and individual agricultural control boards be made more representative of all interest groups in order to curtail the institutionalized powers of farm producers. Agricultural marketing policy must be in line with the broader food security objectives and therefore affordable and sustainable prices for the basic foodstuffs of the low income groups must be ensured.

Comments:

The South African consumer market is dramatically changing and international competition is increasing (GATT etc). It will be important for local producers to reach consumers with a product of desired quality and at a price as low as possible. Large, but poor urban markets require food such as meat, milk, vegetables, etc. At present market structures are providing these at a high cost; for example per capita consumption levels of milk is declining because milk is too expensive. In appropriate health regulations (EEC market standards) also inhibit market action. Deregulation, the scaling down of health regulations, farmers' markets, "slabbatoirs/bush abbatoirs", etc. may allow for major opportunities to farmers to serve these markets at

affordable prices. Support systems to assist informal and emerging small traders should also encourage flows of inexpensive food stuffs. All these have implications for the attainment of adequate household level food security, particularly the nutritional component.

With regard to the Agricultural Control Board system it is expected that freedom of choice will prevail and producers will be afforded the choice of whether to join a board or not. Joining a board and the payments of levies ("club fees"), could provide member farmer access to price security and floor price schemes by such an organisation. The need for affordable food stuffs at a national level may require government intervention in stock piling of basic grains in order to ensure a consistent supply. It must however be emphasized that a vibrant, effective, direct marketing system is likely to provide greater assurity of inexpensive food flows to the mass markets of South Africa.

5. Agricultural support services, credit and infrastructure

One of the stipulations of the RDP and most other statements on agricultural policy is that a land reform programme must include the provision of those services to beneficiaries of land reform so that they can use their land as productively as possible. For agriculture this will include extension, input provision systems, marketing systems, information, education, training, research and financial services. A programme of production assistance to the rural poor will be financed on the basis of sound fiscal policies to enable sustainable rural financial institutions to emerge. The total restructuring of the financial support system is discussed. A Rural Finance Enquiry will soon be appointed to attend to this matter.

The RDP furthermore regards the provision of water to rural society as a matter of high priority. A public works programme is also viewed as a key area where special measures to create jobs and meeting the basic needs and redressing infrastructural disparities, can be linked that will entail provision of rural infrastructure, appropriate energy supply system and repair of environmental damage.

Comments:

It is a widely accepted fact that the current set of public and private sector agricultural support institutions are organised mainly to meet the needs of the large scale commercial farming sector. This needs to change. The present system of support services are too fragmented and unclear in terms of mission and focus to serve these new farm producer groups efficiently. This will therefore require the restructuring of the sector to ensure a cost effective, productive and integrated support system. It can furthermore be expected that government support and funds will be directed towards these particular groups. Commercial large scale farmers will increasingly rely on support from the private sector at market related rates. However, in the long run, service provision within the sector will need to reflect a comprehensive approach which does not discriminate on the basis of race, gender and particularly scale.

6. Rural development issues

An underlying principle in the RDP is the emphasis on the integrated nature of development. Other issues raised include: poverty, a key problem for redress, is

manifested primarily in the rural areas (it affects up to 16 million people; 11 million of whom reside in rural areas); access to basic needs whilst a national phenomenon is prevalent in rural areas and is more complex as a result of distance; access to resources, and infrastructure, affirmative action programmes must address deliberate marginalization of rural communities.

Comments:

All these point to a need for a thorough and comprehensive rural development strategy. The success of rural development will ultimately be seen in the improvement in the quality of life of rural dwellers. The strength of the RDP is its emphasis on local level participation in the design and implementation of its programmes. In addition to support services it will also be important to allow and encourage South African farmers and other rural dwellers to develop a strong political lobby, in order to balance the urban: industrial bias emerging in the South African economy. The consolidation of interests between existing and new farmers and other rural dwellers could to a large extent positively influence this. Without such a comprehensive and integrated approach rural development would fail. Yet, within the RDP, there is an urban bias particularly in as far as programme details are articulated. This should not result in urban formulations being applied to rural areas. In addition, there is admittedly a strong link between land reform, agriculture and rural development, but this should not influence the positioning of rural development squarely in the agricultural and land reform policy domains. Rural development is the result of actions from all public sectors like health, education, social services, finance and agriculture within rural areas. Therefore, in developing the strategy for the provision of these services and the mobilization and capacity development of rural dwellers to participate in rural development, emphasized the need for an integrated and sequenced process.

7. Some conclusions

Some of the major aspects of the RDP and policy positions by important "role players" on agriculture as it relates to land reform, agricultural and rural development were briefly discussed. These programmes and policies create space for the co existence of various farming systems ranging from small scale to large scale. Three important conclusions can be reached. Firstly the most important economic determinants of change in the farming sector will not be land reform per se or access to farmer settlement and support services but rather arrangements to link farm producers to consumers ie. marketing arrangements. A large market is emerging in South and Southern Africa. The majority of consumers however are poor and they require food at affordable prices. Successful agricultural and rural development is a vital ingredient for peace and stability in South and Southern Africa. The present system does not allow for the efficient, effective and low cost service to consumers. Marketing arrangements should allow for a flexible market driven system linking farm producers to consumers in the various emerging markets. This supplemented by other measures, including land redistribution and accessible support services, will eventually influence production patterns, land use patterns, labour use and farm size. At the same time such a marketing system will allow for competition and eventually result in an efficient and diversified farming sector.

The second point relates to the importance of converging notions. The emerging consensus on strategic issues needs to be cultivated and strengthened, as it provides a sound basis for restructuring. The position however remains fragile, but it must be stressed that such a basis, involving the important stakeholders, constitutes a necessary, albeit not sufficient ingredient for a success transformation. For those with innovative ideas farming holds an exiting future providing that government policies are supportive. The third issue therefore relates to the question is whether agricultural issues, and indeed development in rural areas will receive the necessary attention and support from government, in the form of resource allocation and emphasis. If agricultural and rural issues are afforded priority, the RDP provides an integrated framework for policies and support programmes.

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