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Deserving articles in the field of agricultural economics, for publication in this journal, will be welcomed.

These articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. All contributions should be submitted in triplicate (preferably in both languages) to the editors, c.o. Department of Agricultural Economics and Marketing, Pretoria, and should be received by the editors at least one month prior to publication date.

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SOCIO-ECONOMIC DEVELOPMENT IN THE SOUTH AFRICAN AGRICULTURE

by
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Conditions in the early days

Agriculture, as practised by the European in South Africa, passed through its early stages towards the end of the 17th century. Thereafter followed a long period during which our agriculture was primarily self-supporting. Nevertheless, at the time of Union in 1910, it was already "commercialised" to a fairly advanced degree.

To be sure, these were still the days of the horse and the ox-wagon. Electric power, the motor-car and even the telephone were facilities that were virtually unknown to the farming community. This naturally meant that social intercourse in the country was restricted mainly to important church functions and certain national occasions.

This was also the age of transition from the self-supporting and barter system of economy to the so-called "money economy". Bartering was still widely practised at the beginning of the 20th century, especially in the more isolated parts of the country where pioneer farmers were still busy "taming" the land; and were adapting their farming to the circumstances and climatic conditions of a specific region. Money had practically no function in these parts as yet. All produce and livestock were delivered to the local trader - in exchange for other products and provisions.

Socio-economic conditions of this type naturally lead to stagnation and are not destined to improve the standard-of-living of the population - simply because they do not provide the rural consumer of manufactured goods with sufficient purchasing power. In other words, food was available, or it could be produced, but its marketing and distribution were not yet organised during the period just after Union.

At the root of this economic evil were, amongst other things, the lack of transport facilities and the unsatisfactory manner in which the railways had been planned (primarily to connect mines with harbours). This resulted in a period during which branch-lines were built, so that productive and promising agricultural areas could be linked up with the main lines and also with the important consumer centres which already existed in the interior.

Although the prosperity of large numbers of farmers in the newly-established Union was to remain dependent on the local trader for some time, the domination of the latter was now on the decline. This was brought about, in the first place, by

means of the improved transport facilities referred to, which enabled the producer to market his produce directly. The introduction of local auctions of livestock and non-perishable products, such as wool, ostrich feathers, grain etc., was also of great importance. Furthermore, the institution which really replaced the established trader, namely the co-operative organisation, began to make its appearance during this period.

It is estimated by the Department of Agricultural Economics and Marketing that the gross value of agricultural produce at the time of Union was about £32 (R64) million annually. In the post-war period (First World War) this figure rose to nearly £51 (R102) million. The net contribution of agriculture to the national income for these two periods is estimated at £28 (R56) million and £46 (R92) million respectively.

Co-operation

Throughout the past 50 years of prosperity, depression and wars, as well as rapid changes and developments in agriculture, the co-operative movement has been the gauge of the ever-changing economic and social life of the farming community.

The few co-operatives which existed at the beginning of this century and the many in existence today have at least one characteristic in common, namely that they unite farmers as partners in business in order to dispose of or process their goods more profitably - and also to obtain their requirements (for farm and home) at more reasonable prices.

It was and still is, however, no easy matter to make farmers think and work together. Agricultural production in this country is still an individual enterprise and the agriculturalist has always been an individualist. Being organised and submitting to the will and dictates of a farming community as a whole clash with his very nature.

Many prejudices have had to be overcome in the past, but producers gradually began to realise the advantages of joint action in an economic system of free competition. They realised that primary producers must stand together in the face of "open competition" - or they would be ruined or never make any progress.

Economic planning

As a result of the ruinous economic depression of the 1930s, many people came to believe that the time had come for increased State control or intervention, particularly in the economic life of the nation. In other words, economic planning was already replacing the old doctrine of "laissez-faire".

Pressure was brought to bear on the Government of the day with a view to legal power for the marketing of agricultural produce. A strong group of co-operators maintained that the co-operative movement would collapse unless measures were adopted to force producers of specified products to market jointly.

The co-operative movement, which had begun as a social movement, now became a strict economic organisation. The aim of compulsory co-operation was to obtain complete control over produce - in order to regulate and, if need be, fix prices.

When it comes to the fixing of prices, we are, of course, on dangerous ground. This is definitely a State function, because the State or Government cannot remain aloof while one section of the population takes advantage of the other - in this case the producer at the expense of the consumer.

The general acceptance of the idea that the agricultural producer has the same right to the protection of the State as the city worker, paved the way for the post-war period of State intervention (Second World War). The State had to assume responsibility for the stability (as far as possible) of the primary producer; to protect him against violent price fluctuations, and so enable him to make a decent living for himself and his dependents.

Organisation and control

Consequently some form of control became necessary. Legislation in this connection (in the form of a general authorising or enabling measure) was already passed in 1937.

It must, however, be clearly understood that the present system of control boards is not aimed at eliminating established interests in agricultural trade. As in the case of marketing co-operatives, all similar private undertakings still have a useful purpose to serve under the control system. The only difference is that action is now less individual and more on a national scale - under the guidance of the State and in the interests of both producer and consumer.

When all is said and done, the control board system seems to be the best instrument the State can create and use to obtain a degree of stability for the producer, and to safeguard the population in general against shortages. It is certainly in the interests of everyone that the farming community, like the other sectors of society, should have a regular income and adequate purchasing power.

These and similar considerations are at the root of the socio-economic phenomenon known as "Organised Agriculture".. One of the original aims of control in agriculture was an attempt to instil our farming community again with a degree of independence and self-confidence. During the depression of the 1930s a large number of farmers developed a complex of dependence. The State had to assist these farmers in many ways in order to save them from bankruptcy and to keep them on the land. This retrogressive and unhealthy tendency had to be checked at all costs. Farmers had to and did begin to organise themselves into a strong body.

In other words, serious efforts had been made since the 'thirties by the State and organised agriculture to check the retrogressive tendency referred to. These efforts varied between far-reaching organisation, introduction of marketing schemes and planning on various fronts.

How much success has already been achieved with all these measures cannot be determined with certainty. The Second World War, of course, brought about all kinds of disruptive circumstances; followed by more favourable conditions and even a period of prosperity for the farmer.

The South African Agricultural Union had in the meantime made itself an integral part of our agriculture. With the local agricultural societies as the basis, this organisation operates through the district and provincial unions, which eventually combine to form the national body.*

General development

As socio-economic development in South Africa during the past 60 years seems to have been the result of many and divergent causes and effects, it may be as well to discuss certain outstanding characteristics of this development.

Intellectual or spiritual education and training are the basis of any type of development. Consequently, the rise of the agricultural industry since Union must be connected with the growth of the State department that controls it. The latter started modestly in 1910 with a budget of about £1 million, a few research institutes and colleges and only 180 persons on the technical staff.

Today we have a giant organisation, which had to be divided into two departments in 1958, with a budget at the time of £8¼ million (excluding consumer subsidies of £15½ million). In addition, the two departments control at present some 50 research stations, four university faculties, five colleges, 13 agricultural schools and have a technical staff of about 3,000.

The influence of so large and active a source of knowledge may be incalculable, but there are results which speak for themselves.

Status

The average young farmer today is undoubtedly a more literate and better informed individual than was his counterpart of 1910. The latter was in many cases and in many ways still a pioneer farmer. Not only has the status of the farmer improved tremendously, but he can now also draw on his Department's accumulated knowledge and experience.

This state of affairs in turn makes even the younger farmer of today more of a manager on his farm - a man who takes time off to think, read, plan and calculate. In the past such activities were all too often regarded as a waste of time. The farmer toiled as a labourer and consequently seldom made much of a success of his undertaking.

With this, of course, is connected the question of capital. It must be remembered that the average farmer today handles more working capital than his predecessor had invested in his entire farm as fixed capital 60 years ago. In those days, farming was a way of life and moved at the pace of the ox. Today, however, farming is a business which places great responsibilities on the shoulders of the farmer or manager

*For more information in this regard, see the Editorial and article elsewhere in this issue.

of the business. As somebody recently stated: "Farming today is no longer a life's existence but a life's enterprise".

In addition, the pace today is that of the machine, as mechanisation has already taken place on a large scale. During the past two decades especially, the horse, the mule and the ox have given way even more rapidly to the motor-car, tractor and truck.

This has, of course, resulted in better roads, general transport facilities and more social intercourse. Electric power, with all its attendant facilities, is becoming more and more common in the rural areas - which are becoming less and less isolated and provide a fuller life to the farmer.

It is therefore remarkable that, at a time when these things are happening, there should be a strong tendency in certain communities to leave the farm for urban areas.

Whatever the reasons, mechanisation in agriculture is definitely playing a part. One farmer can now control a larger farming unit.

Another important factor, one of a more social nature, is the disappearance of the farm school. This used to provide a unifying force and did much to bind the farmer's son to the farm in his formative years.

Standard of living

As we have briefly considered the question of the farmer's status, we may also give some attention to his standard-of-living. Tremendous improvements have taken place in this regard during recent decades, and the reasons are obvious enough.

The farmer's standard-of-living depends very much on the volume of his production, part of which he markets locally. Figures in this connection at the time of Union have been quoted above. The gross value of agricultural production (calculated at farm prices) increased from R130 million to R852 million between 1938/39 and 1961/62, a rise of about 650 per cent. This does, however, include a rise of about 300 per cent in agricultural prices. During the past decade the physical volume of agricultural production has increased by about 5 per cent per annum.

Furthermore, the farmer's standard-of-living is influenced by the quantity of produce he sells to local canning factories, etc. With the exception of a few cheese factories and creameries, as well as small canning factories and mills, the processing of our agricultural produce was virtually unknown in 1910. The total value of agricultural produce (calculated at farm prices) absorbed by various industries today, is estimated at R275 million, as compared with a gross farm value of all agricultural produce marketed at present of R650 million. In other words, about 42 per cent of the commercial production of our agriculture is processed locally in some way or other.

The farmer's standard-of-living is also determined by the quantity of produce sold overseas and in neighbouring territories. This figure was, of course, negligible 50 years ago - in fact, a substantial quantity and variety of agricultural produce had to be imported in those days. The total value of our agricultural exports (processed and unprocessed) amounts at present to about R373 million per annum (f.o.b. values); that is, about 42 per cent of the country's total export trade (excluding gold). Alternatively, the gross value of agricultural production for the three-year period 1959/60 to 1961/62 averaged R820 million (farm values). An average of R336 million worth of produce was exported, i.e. about 40 per cent of the total.

Primary function and a suggestion for the future

It should, however, always be remembered that the primary function of agriculture in the domestic life of the nation is to feed the country's ever-increasing population. Our agricultural industry, at the time of Union, was still unable to do so in certain respects.

Despite the gradual migration from the rural areas to towns and cities, especially during the past three decades, it is estimated that agriculture still directly supports some 50 per cent of our population. Besides, our present total population is about 17 million already, with an expected annual increase of 370,000.

As far as feeding of the population is concerned, the Republic's agricultural industry has acquitted itself well during the past two decades - not only by producing more and more food, but also by continually improving its quality.

As a result of unprecendented development in the field of agriculture during the past two decades, South African agriculture has succeeded in more or less maintaining its position in the national economy, despite the impressive growth also in other sectors.

However, the South African agriculture (together with that of the entire world) is at present faced again with serious problems; and many farmers, as a result of the price/cost squeeze, experience difficulty in balancing income and expenses.

It is now contended from various quarters that in a country such as South Africa, with its uncertain climatic conditions, the farming enterprise (feeder of the nation) should be maintained on a sound footing - if necessary with State assistance.

As an agricultural policy, this may look well on paper, but the implications involved are alarming. Where will this lead to and where will it end? The dangerous possibility exists, of course, that the matter may in time develop into "charity".

This must be avoided at all costs. On the contrary, the watch-word for all time for the farmer and agriculture should be "self-help". In the past, the State had always assisted in adverse circumstances beyond the control of any farming community. However, State help by itself offers no permanent solution for the farmer's difficulties. Only along the road of self-help can the farmer hope to rehabilitate himself; maintain individuality and avoid servitude. This lesson was dearly learnt during the depression of the 'thirties.

The State's function in the first place is to assist in matters pertaining to "planning". Accordingly, much is being done at present under the headings of farm planning and farm-enterprise planning.

To be sure, all this planning cannot provide for or against factors beyond the control of the farmer. But this problem will undoubtely be solved in time and with the assistance of the farmer. When this happy day dawns, the farmer will enter a new world - economically as well as socio-economically. He will then experience a measure of stability for his enterprise and tranquility of mind for himself.

For the man with knowledge and imagination it is not impossible to "discover", in times of crisis, how he can help himself. However, in such matters the State will always be willing to assist and guide.

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THE FUTURE OF ALL-RISK CROP INSURANCE

The year 1961 was one of intensive preparation for expansion and rejuvenation of this self-help farm insurance service in 1962 and succeeding crop years in the U.S.A.

Activity commensurate with the increasing need for this self-help method of stabilizing farm finances, and the experience of the Corporation in recent years, has been started in order that the Corporation's service potential to agriculture and the national economy may be more fully realised. Progress in attaining the primary aim of Congress in making all-risk crop insurance available should be accelerated greatly in the immediate future by the emphasis that is now being placed on increased service. Future history of the Corporation will characterize 1961 as a turning point featured by sound improvements in the insurance offered to farmers, development of insurance plans for additional crops, program expansion to new counties and broadening the insurance offer in many counties by the addition of crops.

- Federal Crop Ins. Corp.: Annual Report for 1961.