

Land reform: current debates and controversies

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The current moment – uncertainty

- ANC and parliamentary resolutions > Constitutional Review Committee > amend the constitution, to allow expropriation without compensation?
- President Ramaphosa's caveats: land reform must not endanger food security or investment, but contribute to agricultural growth
- High Level Panel of Parliament under former Pres. Motlanthe provides a comprehensive assessment and strong recommendations on remedies
- Emerging views:
 - Land reform has largely failed
 - New energy and expanded levels of commitment are required
 - Strong political leadership/will is necessary
- BUT: DANGERS *as well as* OPPORTUNITIES

Key controversies in land reform

1. How to acquire land for redistribution, restitution and urban settlement? (*market vs planned acquisition vs expropriation*)
2. Who should get land? (*rural and urban poor, market-oriented smallholders, emerging commercial farmers*)
3. For what purpose? (*settlement, improved livelihoods & food security, market-oriented smallholder farming, de-racialise commercial farming*)
4. With what rights? (*leases, private ownership with title deeds, recorded social tenure rights*)

1. Current focus of debate, but least problematic. Planning model combines spatial targeting, negotiated prices and expropriation
2. The class agenda of land reform must be clarified. If all classes are to benefit, in what proportion?
3. The rationales of land reform must be clarified. If a mix of purposes, how can these be supported?
4. Constitutional commitments to tenure security must be met, whatever form land rights take

Problem 1: Disconnects between land and agricultural policies

- Land reform is premised on state intervention; agricultural policies since 1994 have been premised on state withdrawal from 'interference with markets'
- Provincial departments of agriculture initially hostile to land reform
- ReCap and CASP have spent large amounts on relatively few beneficiaries
- Generally inadequate post-settlement support: training, extension, transport and ploughing services, vet services, access to input and produce markets

Problem 2 is more fundamental: Inappropriate paradigms

- Agriculture is seen almost exclusively through the lens of large scale commercial farming
- Even when smallholders are said to be targeted, their 'viability' is assessed against criteria drawn from the large-scale sector
- Targeting not sufficiently disaggregated > 'one size fits all' plans and programmes
- Reflected in business plans drawn up by consultants – but success correlates with not following business plans
- Subdivision Act was repealed in 1998, but never signed into law; & no official subdivisions of land reform farms have occurred
- Key realities ignored by land reform planning:
 - few full-time farmers > most pursue 'multiple livelihoods'
 - significant population of market-oriented smallholders
 - large and productive informal agricultural economy

What is a smallholder farmer?

- Small-scale is not primarily about farm size
- *Farm size* = land area in hectares; *farm scale* = relative scale of farming operation, the key determinant being the *capital intensity* of the enterprise
- Smallholder = a small-scale farmer who uses farm produce for **home consumption** to significant degree, and uses **family labour** within farming operation to significant degree
- Smallholders are distinct from small-scale commercial farmers, for whom home consumption and family labour are negligible, and for whom profit is the most important objective
- Farmers, at whatever scale, are always diverse and differentiated

Differentiating smallholders: a typology

	CATEGORY 1: Subsistence-oriented smallholders	CATEGORY 2: Market-oriented smallholders in loose value chains	CATEGORY 3: Market-oriented smallholders in tight value chains	CATEGORY 4: Small-scale capitalist farmers
Objective of production	Household consumption	Household consumption + cash income	Cash income + some home consumption	Profit
Proportion of marketed output	None or insignificant	50% or >	75% or >	100%
Contribution to household income	Reduces expenditure on food	Variable – from small to significant	Significant	Very significant
Labour	Family	Family + some hired	Family + significant numbers hired	Hired
Mechanisation	Very low	Low	Medium to high	High
Capital intensity	Very low	Low	Medium to high	High
Access to finance	Absent	Some	Significant	Very significant
Numbers in SA	2 – 2.5 million households	200 – 250 000 households	5 -10 000 farmers	5 – 10 000 farmers

Variable components of farming systems

1. Objectives of farmer
2. Other livelihoods/incomes
3. Land/agro-ecology
4. Sources of capital/finance
5. Technologies
6. Labour
7. Inputs (seeds, fertilizer etc)
8. Crops
9. Livestock (types, breeds)
10. Water/irrigation
11. Markets supplied
12. Knowledge and skills
13. Degree to which produce is consumed at home
14. Institutions governing labour supply
15. Property regime
16. Importance of risk aversion
17. Demographic cycle
18. Social networks
19. Linkages between components of farming system

Hybrid farming systems are possible too

- Both subsistence-oriented & market-oriented
- Supplying both loose & tight value chains, formal and informal markets
- Both high tech systems for high value products & markets, and low tech for lower value products & markets

MY QUESTION:

- Do we appropriately target and support the actual farming systems out there?

“One size (scale)
does not fit all”



Success stories

SMALLHOLDER MODELS

- Goat Agri-Business Project: *Mdukatshani Rural Development Programme with Heifer Project SA*
- Small-scale farmers producing organic vegetables: *Siyavuna*
- Smallholder fresh produce sold directly to *Spar and Boxer supermarkets*
- Smallholder irrigation schemes: *Tugela Ferry Irrigation Scheme in Msinga*

• *HYBRID MODELS*

- *Woolgrowers Association* project on communal land in Eastern Cape
- Hybrid of commercial and household cattle production systems: *Besters Land Reform Project*

LARGE-SCALE COMMERCIAL MODELS

- Community-based commercial forestry: *Mabandla project in uMzimkhulu*
- Timber, sugar cane and food crops on restitution land : *AmaNgcolosi Community Trust and Ithuba Co in Kranskop*

Smallholders' comparative advantage?

Livestock



Fresh produce



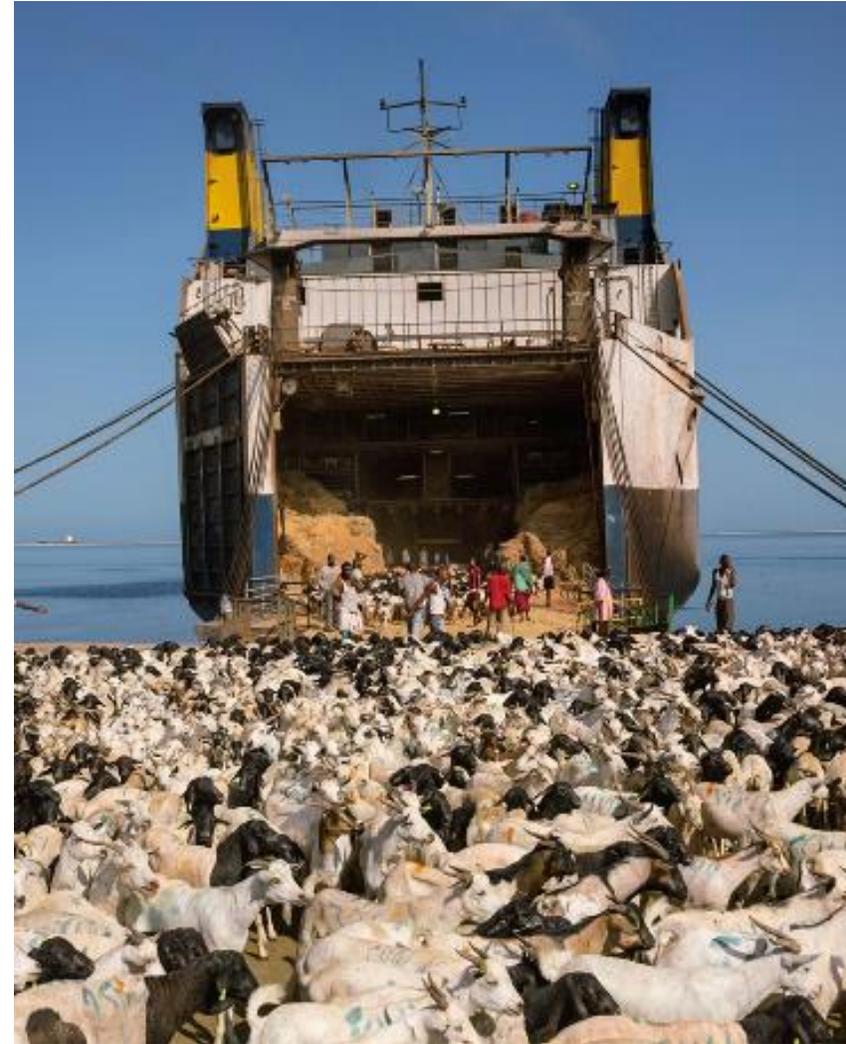
Livestock in Msinga District



Msinga Municipality (37 724 households)	Households	Mean no. of livestock per owning household	Total number of animals in municipality	Mean market value per animal in 2011	Aggregate value (millions of rands)
Cattle owning households (40%)	15 090	9.73	146 826	R4 000	R587.3
Goat owning households (69%)	26 030	14.04	365 461	R1 000	R365.4
Poultry owning households (91%)	34 329	21.1	724 342	R50	R36.2
Total					R998.9

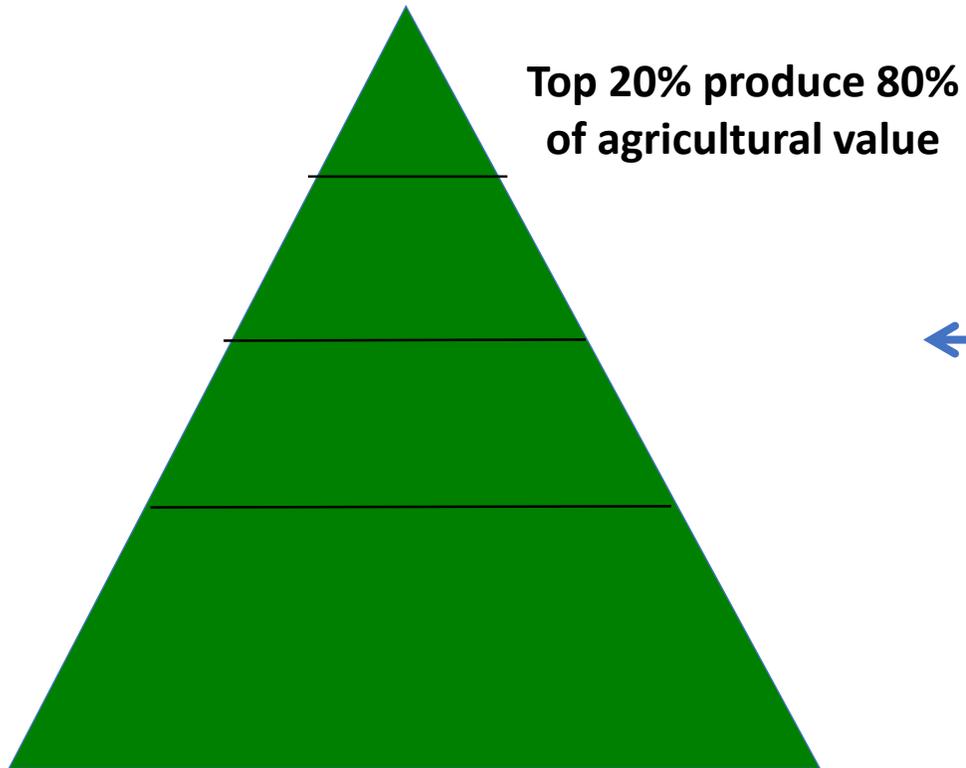
Goat exports?

- Msinga livestock auctions in 2013/14: 3 500 goats sold for R5.5 million
- Export opportunities: 1 million live goats to Saudi Arabia; 200 000 to China; Tata India exploring goat skins
- Export potential = R2 billion?

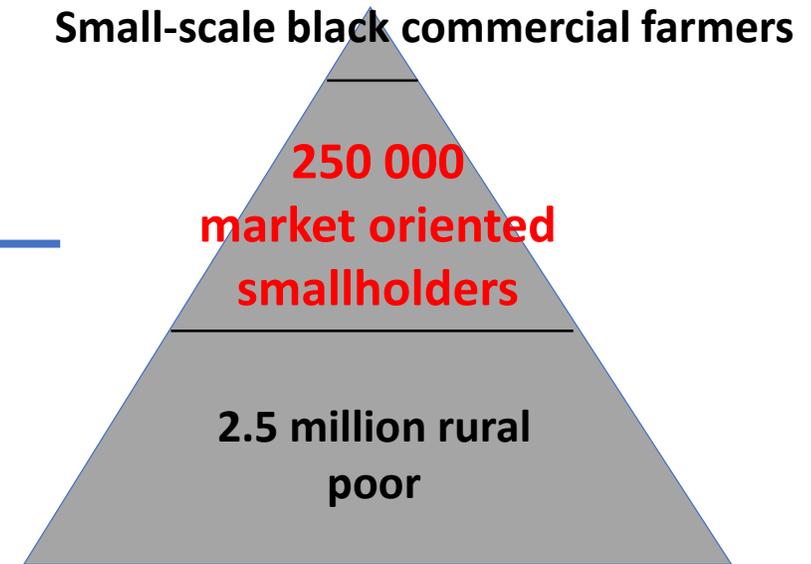


In relation to agriculture: a vision of land reform that promotes 'accumulation from below'?

Large-scale white commercial farmers



Small-scale black farmers



The data problem

- What do we really know about smallholder farmers?
- QLFS 2014: individuals involved in 'subsistence farming' = 1.4 million
- GHS: black households involved in agriculture = 2.6 million; **households selling produce = 205 821**
- Do we know enough about the large-scale commercial sector?
- Census does not ask about farm size
- No dedicated survey, few reliable aggregate data
- 'Steering in the dark....'

Uses of agricultural production by black households (GHS 2014)

	n	%
Main source of income	36 344	1.4%
Extra source of income	127 549	4.8%
Extra source of food	2 058 478	78.0%
Main source of food	246 632	9.3%
Leisure/hobby	90 927	3.4%
Unspecified	78 795	3.0%
Total	2 638 726	

Land size (arable not grazing)

Land size	%
< 0.5 ha	68%
0.5-1 ha	7%
1-20 ha	1.7%
20 ha >	0.2%
Unspecified	21%

% of households involved in different types of production

Grain and food crops	55%	
Livestock production	47%	
Poultry production	37%	
Fruit and vegetable production	50%	

Markets

Buyers of agricultural products	
Local buyers from this district	76.5%
Buyers from neighbouring cities and towns	8.1%
Formal markets in South Africa	2.1%
Export agencies and international buyers	0%
Other	2%
Unspecified	11.3

Conclusion

- Fundamental transformations in our society are required, given very high levels of poverty and inequality
- The 'land question' is exploding
- The key question: how can land reform contribute to reducing poverty, inequality and unemployment?
- A fundamental re-think is required, in relation to rural land:
 - Who is land to be redistributed to? For what purposes?
 - (and thus, how many people will benefit?)
 - With what kinds of rights will they hold the land?