

## **Liberalizing Markets and Reforming Land in South Africa**

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### **Two ministries, a Bank and a manifesto**

In 1994, the new Government of National Unity established two separate ministries to deal with Agriculture and with Land Affairs. Both ministers were white Afrikaners and each, like his ministry, was accountable to different constituencies. Derek Hanekom of the African National Congress (ANC) was appointed Minister of Land Affairs. Hanekom had to take control of the bureaucracy he had inherited from the Department of Regional and Land Affairs and its much-renamed predecessors and to guide it in new directions. His first priority was to get land reform underway. To do so, he needed to ensure that the clause in the Constitution protecting property rights did not stymie the restitution or redistribution of land to black people. Kraai van Niekerk of the NP continued to hold the portfolio of Minister of Agriculture, which he had held in the previous regime. He had close links with 'organized agriculture', the network of agricultural unions, co-operatives, marketing boards and the Land (and Agricultural) Bank which integrated the state, the National Party and farmers' organizations in the direction of state land and agricultural policies under the old regime. He clearly saw himself as representing the interests of these constituencies in the new government and threatened to fight against any dilution of the protection of property rights (which the previous government had treated so cavalierly when the rights of black title-holders were at issue).

When the National Party withdrew from the Government of National Unity in 1996, Derek Hanekom became Minister of Agriculture as well as of Land Affairs though the two departments remained separate. The constituencies of the two departments remained separate from one another. Agriculture's primary concern is with the 'core' of commercial (white) farmers, employing black workers, with a periphery of 'emergent' black commercial farmers, though 'organized agriculture' can no longer count on the direct access to, and incorporation in, policy-making which they enjoyed under the old regime. Land Affairs' main responsibility is to black people making claims to land from which they had been dispossessed or excluded under apartheid and to rights as farm workers and labour tenants. Their more immediate constituency is the network of regional and national non-governmental organizations (NGOs) concerned with land and agricultural policies, from which the Department recruited key officials and solicits advice on policy (Lipton 1996:420-1;427-9).

The issues with which the two ministries deal with are not separate from one another. The implementation and outcome of policies to promote land reform and to regulate labour relations in agriculture are integrally linked to the structures of agricultural markets - a point which the World Bank (and the ANC-aligned Land and Agricultural Policy Centre, LAPC) recognized from the outset. The International Bank for Reconstruction and Development, the self-styled World Bank, initially took a key role in shaping policy debates and set out its recommendations in *Options for Land Reform and Rural Restructuring*, which it presented to a conference organized by the LAPC in 1993 (LAPC 1994). It clearly stated its 'guiding principle': "political and economic liberalization. At the heart of such a process would be new agricultural pricing and marketing policy and a program for land reform." (World Bank 1993:1,11;1994:220) It wished to extend the policies, which began in the 1980s, of abolishing subsidies, removing regulations and liberalizing markets. This would not just lead to greater efficiency but would also reduce the privileges which the state conferred on large-scale white farmers and level the playing fields on which black farmers would now have to compete with them (World Bank 1993:1,11;1994:220; Binswanger and Deininger 1993:1474).

The argument for market liberalization was therefore tied in with the argument for land reform. This rested on considerations of justice - the claims of people stripped of their land for the restitution of their property rights; equity - distributing land to blacks from the 86 per cent reserved exclusively for whites (and the state) until 1991; and efficiency - drawing on general arguments concerning the greater efficiency of small-scale (family) farms over large-scale (capitalist) farms. Options envisaged and costed a substantial transfer of from 10 to 50 per cent of medium- to high-quality land from large-scale white to small-scale black producers under a 'market-led' and state-supported land reform. It found the costs per livelihood created to be 'surprisingly small' (World Bank 1993: 63). It estimated that R17.5 billion (\$5 billion) would be required over five years to redistribute 30 per cent of white-owned land to over 800,000 black households (World Bank 1993:63-77,Ann 1-2; Williams 1994:227-8; 1996a:161-2 argues that these estimates depend on unrealistic assumptions).

The ANC's election manifesto, the 'Reconstruction and Development Programme' (RDP), incorporated both objectives. It argued for 'removing unnecessary controls and levies as well as unsustainable subsidies' to the large-farm sector and committed itself to a 'target' of redistributing 30 per cent of the land in white ownership (ANC 1994a:19-22,102-4). Unlike other parties, the ANC, as the incoming party of government, was required to put forward policies and took its agricultural policies from the nearest available sources, the LAPC and the World Bank.

The agrarian system which the new government inherited in 1994 rested on four pillars: white control of land, capitalists' control of black labour, state regulation of markets, and exclusion of black producers from the same access to land, labour, credit and markets as white farmers enjoyed. Since 1994, deregulation of agricultural markets has proceeded apace. Legal rights have been extended to agricultural workers and labour tenants. Land reform in all its aspects - restitution, redistribution, labour tenancy and land tenure reform - has proceeded more slowly and proved more difficult to implement. The manner in which agricultural markets are restructured and rights to land are allocated will decide which black people will get access to which of the resources from which they were excluded.

### **Regulation and Liberalization**

The liberalization of prices and marketing continues apace. The centrepiece of state agricultural policy since the 1937 Marketing Act, the state monopoly of domestic maize marketing, was finally abolished by the ANC-led government in 1996 and so, in turn, were the floor price of maize and the state export monopoly. Other agricultural marketing monopolies conferred by the state on government and, in some sectors, private institutions have been or are likely to be removed. Some of the major agricultural co-operatives have responded to the changing economic conditions and political environment by transforming themselves into limited companies. South Africa has committed itself to altering the forms of import protection from state monopoly to tariff regulations in accordance with the requirements of the Uruguay Round of the General Agreement of Tariffs and Trade (GATT).

These changes followed the rise in interest rates, and the reductions in food and agricultural subsidies, in the 1980s (Vink 1993) and the recommendations of the 1992 Kassier Committee on agricultural marketing (Kassier Committee 1992). The withdrawal of subsidies exposed the contradictions in the marketing system. However, the process of economic liberalization could only be completed once 'organized agriculture' lost its place at the centre of government. The ANC's victory in the 1994 elections proved to be crucial to economic liberalization, which is not what either its supporters or opponents would previously have expected.

### **Constructing regulation**

#### **Wine and Brandy**

State intervention in South African agricultural markets began with the 1924 Wine and Spirits Control Act. The Act gave statutory powers to the pooling system, set up in 1918 by the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika Beperk (the KWV). It authorized the KWV to set the prices paid to farmers and by merchants for grapes and wine used for distilling and to dispose of the share of the crop that it declared to be 'surplus' to the requirements of the domestic market (van Zyl 1993:20-50). In return, the KWV would sell only to wholesalers in Africa south of the equator.

KWV took advantage of its statutory powers to fix the price paid by the wholesalers and declare the 'surplus', and thereby determine the price paid to farmers, to augment its resources and invest in expanding its distilling capacity. The assured market for wine encouraged more planting and a rising brandy lake. Attempts by the KWV to restrict production fell foul of opposition from farmers in inland districts where planting of vines under irrigation was expanding. Part of the surplus was sold as fortified wine in Britain, over which market KWV, by virtue of its exclusive access to the 'surplus', exercised an effective export monopoly. Production of 'good wine' for sale was discouraged by market prices, which fell below the prices set for inferior distilling wine!

Two commissions of enquiry recognized that a producers' co-operative was not an appropriate body to exercise statutory control over an industry and that fixing prices in accordance with the cost of production encourages over-production (Viljoen Commission 1934:16,89-92; Drew Commission 1937:71-3). Nevertheless, the wine industry was not brought under the 1937 Marketing Act. Following the recommendations of the 1937 Wine Commission (Drew Commission 1937: 60-73, 103-5), the 1940 Act extended the powers of the KWV to enable them to fix the minimum price of good wine and quality wine (with ministerial approval) and to set production quotas.

The Second World War solved the problem of finding sufficient demand for the industry's brandy output until the mid-1950s. KWV acquired the right to declare a 'surplus' and secure its own supplies even in periods of scarcity. In the 1960s, the minister granted KWV the exclusive right to import distilling wine when this proved necessary. Between 1940 and the early 1960s, most wine farmers joined co-operatives which initially sold most of their 'good wine' to the manufacturing merchants and delivered their surplus to the KWV. Production quotas were eventually introduced in 1960.

The statutory powers of the KWV were matched by and, through limiting the scope for price competition for supplies of wine also facilitated, the concentration of firms manufacturing and selling local wines and brandies and imported whiskies. The KWV and its affiliated co-operatives came into conflict with the manufacturers over the rules regulating the market and their application. Between 1957 and 1969, the manufacturers and wholesalers objected to KWV's unilateral setting of prices and its privileged access to supplies of brandy for export markets; to sales by KWV or wine

co-operatives to 'pseudo-wholesalers' who sold wine by the case directly to the public; and to co-operatives undercutting the selling prices of the manufacturers, who had to add bottling costs and profit margins to the minimum price for good wine. The conflict was mitigated by the ability of producers to pass higher prices on to the public and by government policies, which taxed beer heavily and wine lightly or not at all and taxed cane and grain spirits more heavily than spirits produced from wine.

KWV skilfully used its political influence to enhance its statutory privileges and responsibilities. Whereas, before 1948, it had needed to secure support from both major parties to get government and parliament to agree to its proposals, it now had only to secure the favour of National Party ministers to get its way. In the 1970s, Rembrandt Corporation unsuccessfully challenged the monopoly of the beer market by South African Breweries (SAB), which controlled Stellenbosch Farmers' Winery (SFW), the main competitor to Rembrandt's Oude Meester in the wine and spirits market. The conflict was resolved by an agreement to divide the markets between them, which needed the political support of KWV. Cabinet agreed in 1979 that SAB, Rembrandt and KWV should each acquire 30 per cent of Kaapwyn (Cape Wine and Distillers, CWD) which would combine SFW and Oude Meester/ Distillers under Rembrandt's direction and together control 85 per cent of the wine and spirits market. SAB was left alone as 'temporary sole supplier' of malted beer.

In 1982, the Competition Board declared SAB's previous control of SFW, the integration of KWV as the controlling body into at primary level into CWD, the combining of SFW and OM in CWD, and the vertical integration of suppliers and off-consumption retailers to be unlawful. Cabinet overrode its finding in 1983. (Competition Board 1982; Fridjhon and Murray 1988:131-61,351-69; Deacon 1980:371-5; van Zyl 1993:229-43). KWV, who had claimed statutory privileges to protect farmers from the monopsony powers of the manufacturers and wholesalers, had now taken a substantial share in the single firm which dominated the wine and spirits industries.

### **Maize and 'Orderly Marketing'**

In South Africa, as in the other Dominions, Britain's colonies and the USA, the low agricultural prices and rising farm debts of the inter-war period led farmers to ask government to maintain producer prices and gave credibility to discourses of 'orderly marketing' and 'price stability' over the language of competitive markets. The 1934 Commission to Inquire into Co-operation and Agricultural Credit, under the chairmanship of Dr Viljoen, the Secretary for Agriculture, rejected the arguments for compulsory co-operation or for boards of control to fix prices (Viljoen Commission 1934:12-24,197-8). The recovery of mining and industry from 1933 was not matched by agriculture. In his Annual Report for 1934/35, Dr Viljoen argued that existing measures were directed towards export markets, but that "the inland market is in a state which borders on chaos. There is no orderly marketing " (Viljoen 1936:2) A new Act was devised, drawing on examples from abroad, notably Britain.

The 1937 Marketing Act sought 'the introduction of an organized marketing system for agricultural products' (Viljoen 1945:142). The Act, and its successor in 1968, enabled the minister to proclaim schemes, under whose auspices control boards were set up to regulate the market for particular commodities. Control boards were designed to protect farmers from the vicissitudes of an uncertain climate, volatile prices, and the inability of foreign and local markets to absorb their output.

Price support was first extended to maize farmers in 1931 under the Maize Export Control Act, which provided for estimated surplus maize to be exported compulsorily in order to raise the internal price. Government had to subvent the scheme with direct subsidies to maintain producer prices at the anticipated levels. The difficulties of estimating the surplus, adjusting prices and administering the scheme led to the establishment in 1938 of the Mealie Control Board to manage a more comprehensive scheme. In 1942, the Board became the sole buyer of maize for grain elevators and took over all maize stocks from co-operative societies. In 1944, it became the sole purchaser of maize in the main producing area and set a fixed price for the whole season, following the example set in 1938 by the Wheat Board. It, too, relied on government subsidies to bridge the gap between producer and consumer prices (Viljoen 1938:489-92; 1945:134; Neveling 1946:151-6; 1949:47-9; de Swardt 1947:199-200; National Marketing Council 1947). The control boards fitted neatly into the requirements of the war-time Food Control Organisation (Viljoen 1944:142-3). In 1940, government responded to the problems created for export crops by war-time conditions by extending statutory control to deciduous fruit and citrus.

By 1944, the virtues of controlled marketing had become self-evident: Experience all over the world has already shown that there is only one method [to ensure a reasonable price to the producer], namely, the application of a judicious system of control in respect of the marketing of agricultural products, which, where necessary, embraces the principle of price fixation. Control merely consists in a conscientious endeavour to regulate prices and supplies in such a manner that both the producer and the consumer derive the maximum benefit. Who can dispute the soundness of this policy? (Viljoen 1944:147) The schemes set up for maize, and for wheat and other winter cereals, thus provided for grains to be sold through the marketing boards for a fixed price, irrespective of location. The control boards protected producers from international competition by monopolising imports, which were sold at the domestic price, and exports, which were sold at world prices. In order to be able to set the producer price, the state had to extend control to markets,

transport costs, imports and exports. Government subsidies were required if the greater benefits which the scheme offered to higher-cost producers were not to penalize lower-cost producers. The Federated Chamber of Industries accepted the Marketing Act in return for support for the protection of manufacturing (Kaplan 1977:239 cited Lipton 1986:267).

The schemes for deciduous fruit and citrus exports as well as subsequent schemes for other crops, including wool and dairy produce, sold their products or, in some cases, only their exports through a single pool, often building on previous co-operative arrangements. A third category of commodities benefited from price support (and hence surplus removal) schemes, notably meat, which was subject to various controls on its movement and handling. Eventually, 22 control schemes were established, managing four-fifths of the gross value of agricultural production (Kassier Committee 1992; Kirsten and van Zyl 1992: 215-7).

Co-operatives were integrated into the work of the control boards. They no longer had to compete with the prices offered by independent traders, silos and mills. By eliminating competition over prices or over transport costs, statutory marketing contributed to the expansion of co-operative bulking, storing and milling and encouraged concentration among firms in processing and in wholesale and even retail markets. Co-operatives benefited from statutory tax concessions until 1987, from privileged claims on debtors, and from subsidies to maintain silos; they were appointed as agents for their areas by control boards and the Land Bank and were thus well placed to sell inputs to their members (Amin and Bernstein 1996). Co-operatives, control boards, state banks and agricultural officials were integrated into politically-connected and economically-motivated networks which managed agricultural policies and encouraged the expansion of agricultural outputs, and of mechanical and biochemical inputs, which reached a peak in 1981 (Lipton 1983; 1996: 408-9).

State regulation of agricultural markets was sustained and extended by several, complementary logics. Measures to control one aspect of markets can only be sustained if control is extended to others. Institutions acquire an interest in protecting and extending their powers. Bureaucracies extend policies on the basis of established arrangements and ways of thinking. Organized interests come to depend on the access they have gained to regulatory institutions. Producers' economic strategies and investment decisions are tied in to current forms of protection and regulation. Governments need to work with vested interests to pursue their policy goals. Risks of change are evident and immediate, gains uncertain and dispersed. Established arrangements are represented in public discourses as common sense.

## **Deconstructing regulation**

### **Maize Harvests and Subsidies**

In 1981, a year of record maize harvests which was to be followed by severe droughts, the integrated structure of market controls began to unwind under the influence of wider economic and political changes. Government found itself required to bear the costs of funding the export of surplus maize at a loss in good years and of providing drought relief in bad years. Farmers in South Africa, as elsewhere, were subject to the combined effects of rising interest rates and consequently accumulating debts, as well as the falling exchange rate of the rand and consequent increases in import costs. Organized agriculture was marginal to the interests of the expanding military-industrial network. Disaffected maize farmers and other rural voters were still important but no longer vital to the electoral calculations of the ruling National Party. The prices paid to producers did not keep up with inflation and their share of the price paid by the consumer for their products declined steadily. They found themselves having to pay more for the farm inputs they had come to rely on and to commit more of their income to repaying debts. (Bernstein 1996:17-19;1997; de Klerk 1991; Vink and Kassier 1991; Vink 1993; Kirsten and van Zyl 1996;)

In a White Paper in 1984, government restated its commitment to the somewhat contradictory objectives of orderly marketing, duly considering the principles of the free market system; food self-sufficiency, optimal participation in international trade in agricultural products, and the protection of soils; and maintaining a large number of financially sound farmers on viable farming units (South Africa 1994, cited Kirsten and van Zyl 1996: 205-6). However, these policies did not address the "continuing weakness in the financial position, fitness and capacity for recovery" of the agricultural sector (Ekonomiese Adviesraad 1986:I). The State President's Economic Advisory Council recognised that credit and interest rate policies had led to a misallocation of resources and that monopoly marketing arrangements had protected agriculture from international competition and prevented it from being able to operate under free market conditions (Ekonomiese Adviesraad 1986:43-7,95). The Council recommended assistance to farmers in marginal areas to shift from arable to livestock production, extension of subsidies to assist farmers to manage their debts, and taking more account of supply and demand in setting prices.

From 1985 onwards, Government combined policies of reducing subsidies on prices with generous subsidies on interest payments and to relieve debt. State debt relief and production credits bailed out the summer grain co-operatives and funded debts to government and commercial banks between 1983 and 1989 and, again, through the 1992 programme of drought relief (Rimmer 1993).

In 1985, the Minister of Agriculture refused to approve a further increase in the producer price of maize. In 1987, government stopped new subsidies to the maize price, while writing off the accumulated debts of the Maize Board's stabilization fund. Uniform and guaranteed prices were maintained but had to be paid for from the revenues of the Maize Board, which would therefore have to fix prices in accordance with projected market conditions rather than estimated costs of production. Producers would have to fund any losses incurred on the export of surplus grain. Interest rates, which had been reduced in 1986 and 1987, were again raised above the rate of inflation in 1988. Subsidies on the consumer price of bread and on maize meal were withdrawn in 1991. (Brand Komitee 1988; Vink 1993; Kirsten and van Zyl 1996; Bernstein 1997).

The elimination of subsidies provided across the board undermined the marketing schemes to which commercial farmers had been so attached. Now that the state no longer paid the difference, farmers collectively had to bear the costs of co-operative mills and state marketing institutions as well as the export surplus so that they now received a much lower price for their grain than millers paid the boards. Uniform prices had benefited farmers distant from major markets at the expense of those with potentially lower transport costs; once farmers able to deliver maize at lower costs were no longer compensated by direct state subsidies, they had every incentive to sell directly to the millers. Beef producers similarly found more accessible markets in local townships than through registered abattoirs.

The US-led Uruguay Round of the GATT pressed governments to remove subsidies, and to replace import controls and sliding tariffs which protect domestic prices from external competition with fixed tariffs which would be reduced over time. Fixed tariffs expose producers to external competition and undermine uniform prices set without regard to transport costs. They would, for example, expose wheat producers in the western Cape to lower prices at the coast than obtain on the Highveld. They do not allow government to protect their own producers from 'dumping' by firms from other countries who are able to export grain below the cost of producing it in those countries.

### **Wine Surplus, Quotas and Prices**

Facing continuing over-production, KWV continued until 1992 to defend the "bedrock of the industry": surplus disposal, the minimum price for good wines and production quotas (Ritzema de la Bat, KWV Chief Executive, cited Financial Mail 16.6.1989). However, here too critical changes began to take place that would have significant consequences. Wine production continued to expand during until the 1980s while domestic demand stagnated and export outlets were very limited, except ironically for bulk sales at low prices to east Europe. However, producers began to commit more land to planting high-value cultivars rather than the high-yielding vines that had been encouraged by the combination of minimum prices and production quotas. Some estate farmers complained that they were constrained by quotas from expanding production to meet the demand for wines of higher quality and some began to defy the quota regulations. In 1992, KWV suspended production quotas. The task of regulating production was transferred to the co-operatives, which were encouraged to limit and to charge for the right to crush grapes. The co-operatives began to discriminate more carefully in the prices paid for different cultivars and for grapes of different quality. (Finansies & Tegniek 19.4.1991, 10.4.1992; Financial Mail 10.4.1992; Landbouweekblad 17.4.1992; 8.1.1993).

In 1988, Kaapwyn was divided into its original constituents, SFW and Distillers, without a change in their ownership. They found themselves losing market share, despite their control of major liquor retailers and their attempts to make growers and co-operatives sell them all their wine or none at all. The merchants objected to the continued ability of co-operatives to sell wine at a price that did not match all the costs which manufacturers had to meet additional to the minimum price at which they were required to buy good wine and of KWV to undercut them in overseas markets.

The lifting of sanctions opened new opportunities for exports. This intensified the shift towards planting of high-value varieties. The expansion of grape-juice production helped dispose of the surplus. The end of the white minority regime in 1994 was accompanied by a sharp increase in the consumption of brandy; in 1995, KWV had to resort to importing distilling wine. It was becoming more difficult to confine the industry within the framework of statutory minimum prices and there was less reason to do so.

In 1993, the KWV insisted that the minimum price for good wine would continue and, in April 1994, the outgoing chairman, Pietman Hugo, warned against its abolition. In response to continued complaints from wholesalers, KWV instituted a scheme that circumvented the minimum price by allowing co-operatives to sell wine to the wholesalers' at the minimum price less the costs of wholesalers' services. This opened the way to agreement between KWV and the Cape Wine and Spirits Institute (CWSI), representing the wholesalers, to retain only a single (distilling) wine price after 1995 (Finansies & Tegniek 12 Nov 1993; 29 Apr, 29 Jul 1994; KWV 1997:6). Of the industry's "bedrock", only the disposal of surplus distilling wine remained.

### **Reconstructing Markets**

By the time that de Klerk released Mandela and unbanned the ANC and other organizations, it was apparent that the existing marketing regime could not be sustained. In 1992, the Minister of Agriculture appointed a Committee of Inquiry into the Marketing Act under the chairmanship of Professor Kassier. The Kassier Committee cogently criticised the marketing schemes, recommended the abolition of statutory single-channel marketing and, immediately, of uniform

pricing, the exercise of de facto statutory powers by private organizations, such the granting of an export monopoly of deciduous fruit to Unifruco and of citrus fruit by Outspan International, and the funding of producers' organisations by statutory levies. It also called for "a general moratorium on the creation of private monopolies through the privatisation of public monopolies." (Kassier Committee 1992).. Its time had not yet come.

The Minister referred its recommendations of the Committee to the Agricultural Marketing Policy Evaluation Committee under Gerhard Basson, the Chairman of the National Marketing Board, which comprised members from government institutions, agricultural control boards, organised agriculture, trade and industry, consumer organisations and special legal and agricultural advisers. The Basson Committee favoured maintaining monopolies for fruit exports, floor prices for maize and meat, and a continued role for marketing boards. However, it accepted that state controls of imports should give way to tariffs and that prices should reflect transport and storage costs, neither of which were compatible with the existing marketing arrangements. (Basson 1994) Monopoly marketing, quota and control schemes were abolished for several commodities in 1993 and sugar farmers and beef producers gained the right, if not necessarily the capacity, to choose which mill or abattoir to sell to (van Zyl 1996: 215-7).

The World Bank's 1993 Options favoured reducing direct and indirect subsidies to large-scale farmers; abolishing the fixed price for maize; ending state provision of special privileges to the South African Agricultural Union (SAAU) and to co-operatives and other trading bodies; and promoting of an "active competition policy". However, it appeared to accept the case, "at least on a transitional basis", for supporting a floor price for maize, for government intervention in red meat and sugar, and for co-ordinating export marketing of citrus, deciduous fruit and wine (World Bank 1993: 19-23). The ANC's 1994 Agricultural Policy went further: "to remove most of the remaining statutory powers of all control boards" and end statutory export monopolies, while retaining a state agency to operate a floor price (ANC 1994b:17).

The White Paper on Agriculture (Department of Agriculture 1995) and the 1996 Marketing of Agricultural Products Act broadened the composition of the National Agricultural Marketing Council, which Prof. Kassier was appointed to chair. The White Paper and the new Act paid due respect to market principles but continued to enable the minister to fix the prices of products, control their import, sale and export and impose levies for research and for a broader range of producers' organizations than before. However, Prof Kassier and Derek Hanekom, who had taken over as Minister of Agriculture in 1996, have been disposed to favour the sale of crops to markets without the intermediacy of the control boards.

In 1996, Hanekom announced an end to the monopoly of deciduous fruit exports that had been granted by the Deciduous Fruit Board to Unifruco in 1987. Unifruco have tried to insist that producers sell all their exports through Unifruco or none, making it difficult for producers to explore alternative market channels. Can Unifruco (or the grain co-operatives) legitimately exclude producers who wish to market independently from the handling and refrigeration facilities (or grain silos), which were built up through a statutory export monopoly and with state subsidies? (Landbouweekblad 5.9.1997)

While some producers saw new opportunities in selling directly to butchers, millers or wholesalers, at home and overseas, the co-operatives prepared to adapt to the requirements of the new order. Co-operatives had already begun to diversify their operations and sources of funds, to amalgamate into larger units, and to extend their outside business activities, especially in the former homelands. Some had invested in joint ventures (KWV with Rembrandt; Langeberg with Tiger Oats).

### **Adapting to Change**

The 1993 Amendment Act allowed all co-operatives legally to extend business with non-members from 5 to 49 per cent of their turnover, to buy and sell land, and to convert themselves into companies or closed corporations. This allowed existing members, and their elected directors, to maintain control of the co-operatives, while extending their supplies, and also of any new companies they might establish. They could access members funds by issuing shares based on the market value of their assets and, if they chose, raise capital and cement joint ventures by selling shares to partners or through the stock exchange. The new companies will be able to keep a controlling share in the hands of current members while bringing in outsiders, individual and corporate, and providing for the empowerment of black shareholders. (Amin and Bernstein 1996) Cape Dairy Co-operative (CDC) created Bonnita Holdings in 1992; by 1994, Premier Foods had acquired 51 per cent of the shares with members and staff of CDC holding most of the remainder . Bonnita could now dictate terms to the farmers who had been its initial shareholders and extended its activities beyond the dairy industry. In 1995, Oos-Transvaal Ko-operasie (OTK) transferred its own assets into a new holding company, OTK Beherend, in which its members acquired shares. Sales of a majority of shares would be restricted to a pool held by a nominee company. OTK Beherend would control new marketing co-operative, Graanbemarking. (Amin and Bernstein 1996; Bernstein 1996). In 1997, Simonsvlei was the first wine co-operative to convert itself into a company under the 1993 Act.

On 10 October 1996, KWV announced plans to follow the example set by OTK and transfer its assets to a new company, KWV Group Ltd., in which its members would hold shares, while keeping control of the industry in the

hands of wine farmers through a new KWV Co-operative. In 1993, KWV had rejected the idea of converting itself into a company. However, it had advised local co-operatives to issue shares to members and to determine charges to cover the costs of new producers and increased production. The KWV had also provided for the appointment of up to four non-members as directors.

Hanekom asked the Court to delay the proposed restructuring of KWV in the light of its remaining regulatory functions, the claim that certain of its assets may have been acquired through its statutory powers, and the implications of its restructuring for the competitiveness of the liquor industry (Hanekom 1997). Initially, the minister was supported by the CWSI, because of their fear that KWV would compete with them directly in the domestic market. The year was enlivened by the response of KWV and leading wine farmers to a BBC programme that drew attention to the low wages paid in the industry. John Platter, South Africa's leading wine writer commented that the assets of the KWV had been "acquired in a privileged, monopolistic environment thanks to production quotas, price fixing powers, exclusion of natural wine from excise taxes, and, historically, the use of prison labour". His comments were condemned as "treachery and sabotage against the industry abroad." (Die Burger 6 Feb 1997) In June, it was revealed that KWV had been involved in an elaborate arrangement to sell South African wine abroad as authentic French champagne in 1990 and 1991 (Business Day 6.6.1997; Mail & Guardian 6.6. 1997).

Hanekom initiated three inquiries. A committee, half of which was drawn from representatives of KWV and CWSI, examined current and future arrangements for regulating the industry. Confronted by the choice of losing its statutory powers over surplus removal and its right to acquire grapes and distilling wine at no cost or coming under the 1996 Marketing Act, the KWV opted for the virtues of "free enterprise" and the right to dispose of its assets. The Kassier Committee recommended the repeal of the Wine and Spirits Control Act of 1970 and that statutory arrangements and the collection of levies for information, research and the collection of distilling wine be made under the Marketing Act (Kassier 1997). The CWSI came to an agreement with KWV; KWV expand sales abroad and give five years notice before they would the South African market though, according to Dr Barnard, the KWV managing director, they were under no obligation to do so (Business Day 4.4,10.9.1997).

More controversial was the Minister's appointment of Fisher, Hoffman, Sithole (FHS) to investigate the assets of KWV. FHS found that "The pooling mechanism contributed substantially to KWV's net asset wealth"; it estimated this contribution at R803 million (Business Day 19 August 1997). However, this did not establish that the state had any legal claim to the assets of the KWV. KWV agreed with the Minister on 9 September to contribute R200 million over ten years and continue to provide services (valued at R227 million) for at least five years. It would be responsible for research, information, training, export promotion, the entry of new farmers to the industry, social services to farm workers, and management of a voluntary surplus disposal scheme. Its directors would be nominated by the minister and include substantial representation of the KWV.

These arrangements place three companies, linked by KWV's shareholdings, in a dominant position in the wine and spirits markets. In June 1997, the Competition Board announced an inquiry into competition in the liquor industry (including beer) which would enable it to return to the issues raised in its 1982 report. A draft Liquor Bill was put forward for consultation in July. It aimed to separate ownership of manufacturers, wholesalers and retailers. These proposals would bring into question the ownership of SFW and Distillers (and their retail outlets) by Rembrandt, KWV and SAB; they might also make it easier for these firms, with their established trade marks, to maintain their domination of the retail market (Business Day 14,15,18.7.1997).

In the 1990s, maize producers were confronted by severe droughts followed by the embarrassments of good rains and an export surplus. In 1994, as the Government of National Unity came into office, the maize industry was in disarray. Extensive planting and good rains yielded 12 million tons, the largest harvest since 1981. Milling companies and some large farmers were keen to cut out the middleman. The government kept the selling price at R515 per tonne, only marginally below the previous year's level, and set the producer price at R330 per tonne, to the anger of the manufacturers and of the LAPC, who had recommended lower prices. The huge difference in the prices, needed to pay for the surplus, undermined the scheme. The Maize Board plaintively complained that farmers were selling maize outside the scheme.

It was agreed to allow maize to be traded freely in 1995, supported by a stabilization levy, which would fund a floor price and exports of surpluses. Drought caused the 1995 harvest to fall to 4.3 million tons and allowed farmers to raise the selling price of maize, which reached R850 per tonne. A new South African Futures Exchange was created. In November 1996, the Maize Advisory Committee, drawn from the different interests involved in the industry, failed to agree on "statutory price stabilisation initiatives" (Agricultural News 9.12.1966) This Minister took the opportunity to abolish statutory marketing of maize (followed later by wheat from 1997. Conflicts continue over the disposal of maize board assets and responsibility for its past debts. Proposals, to create a Trust with responsibilities for research, information and promoting market access have been blocked by a ministerial committee which insists that the Board's assets be used to repay its debts to the Land Bank, with the remainder going to the state (Landbouweekblad 17/10/1997).

### **Contradictions of deregulation**

Liberalization of markets chimed with the international discourses of 'free enterprise' and 'free markets' in terms of which successive government sought to legitimate their policies. It followed from the ANC-led government's policies of opening of the economy to international competition. State control of markets no longer appeared to be appropriate.

Post-apartheid policies can be traced back to the contradictions which emerged and the policies which government initiated, rather half-heartedly in the 1980s and early 1990s. The withdrawal of direct and indirect subsidies to producers and the prospect of competition from imports exposed maize (and wheat) farmers to the costs of state marketing and of export and transport subsidies. Conflicts of interest among farmers made it difficult to keep statutory arrangements in place and to secure agreement between producers and manufacturers on new arrangements. The statutory monopoly of the domestic market, and then the management of exports and imports, proved unsustainable and gave way with the abolition of the maize and wheat boards in 1997.

The vertical integration of KWV with the major wine and spirit producers did not resolve conflicts of interest between them, especially when growers and local co-operatives chose to market their wines independently of either. Nor is their agreement on the conditions under which KWV agree to convert to a company likely to be more than a truce in the continuing battle to mark off and protect their market shares. The KWV first suspended production quotas and then ended the minimum price for good wine because they could not keep them going any longer. It is unlikely that a surplus disposal scheme can be funded without statutory control of prices.

Once organised agriculture could no longer rely on its privileged access to state policy-makers, the structures of regulation began to unwind; attempts to retain partial control over an industry proved unstable. This does not mean that the monopolistic arrangements fostered by statutory boards and regulations will be replaced by freely competitive, unregulated markets. The new marketing arrangements emerge from the institutions fostered by the old and take their shape from the sequence of interactions among policy-makers and agricultural interests. Trading and manufacturers companies, co-operative and private, are reorganizing their structures and mutual relations to consolidate their positions within changed market structures. Merchants have always preferred to control markets rather than to compete in them. Consequently, as Bernstein (1996:138) observes, 'deregulation' - the reduction of statutory controls - opens the way to new forms of market regulation by private and public actors.

### **Land reform**

By contrast with the changes in agricultural marketing, land reform has proceeded less smoothly and to less effect. State land reform initiatives have been constrained by limited administrative and fiscal resources and by unclear and, sometimes, contradictory goals. Alternative strategies all pose the question: who will decide who gets access to what land on what terms for what purposes? Land reforms are unlikely to transfer much land to the poorest members of the community, least of all to rural women. Where changes are taking place in the allocation of land, they also reveal continuities from past patterns.

### **Segregating the land**

Successive land legislation, up to and since the 1913 Natives Land Act, sought to separate the ownership of land by whites as registered, freehold property from land held by blacks under a variety of forms of tenure (communal, quitrent, Trust, and freehold) all regulated by state authorities (Cross 1991). Segregation policies thus divided the land between relatively sparsely-populated areas, occupied by white farmers, their workers or tenants and their families, and increasingly crowded African reserves.

From the nineteenth century, legislation attempted to limit and, if possible, to replace rent, share and labour tenancy on white-owned land by a 'progressive' ideal of wage labour which, in turn, rested on the unrestricted authority of the farmer over his property (Keegan 1987:192). The 'progressive' vision did not extend to granting farm workers rights to organize in trade unions or regulating conditions of farm employment until the passage of the 1994 Agricultural Labour Act (Hamman 1996). Nor did it exclude the allocation of farm workers through state labour bureaux in an attempt to emulate the labour recruitment strategies of the mining industry or the provision of prison labour to farmers in need (Lacey 1981; First 1958; 1959; Schirmer 1994:225-86) African farmers in the 'reserves' were directed to separate residential, arable, grazing and wood lands in accordance with the requirements of 'betterment' schemes which, in South Africa as in colonial Africa, disrupted people's lives, reduced their capacity to grow crops or keep stock and did nothing to conserve the soil, but provoked resistance to agents of the state (Beinart 1989; de Wet 1994). Where space would not allow land for farming, people in the reserves were concentrated into 'closer settlements'. Tomlinson's vision of establishing full-time farmers on 'volle [or even halwe] bestaans-boerderyeenhede' [economically-viable farming units] would have required dispossession of the majority of land-holders in the reserves (Tomlinson 1955:118).

State policies never quite succeeded in reorganizing rural societies in accordance with their visions of progress and order. Sharecropping continued on white farms on the highveld to the 1950s and labour tenancy survived beyond its formal abolition in 1980 (Keegan 182-91; van Onselen 1996; Williams 1996b). White farmers, 'Native' Administrators

and chiefs were only able to exercise authority through varying combinations of paternalism or clientage, coercion and accommodation.

The 1913 Natives Land Act laid down the principle of segregation of land but left unresolved the question of what land would be added to the 'native reserves'. In 1936, the Native Trust and Land Act allocated about 13 per cent of the land area of the country for African ownership and made provision for a relatively small area to be purchased and added to the reserves under the administration of the South African Native Trust, later the Development Trust. During the 1960s, 1970s and 1980s, large numbers of people were removed from the land on which they lived and worked, in accordance with the requirements of state policy and the logic of capitalist farming. State policies, aided by the advent of the combine harvester, encouraged the expansion of cultivated areas, the displacement of agricultural labour by machines and chemicals and the consolidation of holdings into large farms. The number of white farmers fell and large numbers of Africans were displaced from the farms on which they lived and worked, a pattern which intensified in the 1980s (de Klerk 1985; van Zyl, Fenyas and Vink 1987; Marcus 1989:80-127). They were especially vulnerable to eviction when farms were sold to new owners, to corporate interests or to the Development Trust.

The rights of African property-owners were overridden by state fiat. Former farm workers, labour tenants, and sharecroppers moved, or were moved, to overcrowded settlements across the boundaries of the Bantustans (Surplus People's Project 1983; Platzky and Walker 1985). The scarcity of land for residence and of access to means of livelihood in rural areas led to a proliferation of shack settlements in platteland towns and on Trust land as well as in urban centres, to a profitable rental market in residential sites in black areas, and to factional and political conflict within and between communities over who would be able to allocate which land to their followers.

The government acquired land from white farmers under the 1936 Act and in order to consolidate the scattered reserves into more coherent 'homelands'. Some land was made available to displaced communities; some farms were acquired by politically-connected traders and civil servants in the Bantustans; much land continued to be leased to white farmers for grazing. Resident farm workers lost their livelihoods without the benefits of the compensation paid to the landowners. After 1987, the Development Bank of Southern Africa directed agricultural development in the Bantustans away from centralized settlement schemes to supporting 'emerging' farmers with credit, input and extension advice. Hardly any commercial farmers emerged (Singini and van Rooyen 1995; Williams 1996a:145-6). The sugar industry was more successful in extending access to credit, inputs, advice and markets to enable women and men to supplement their incomes by growing cane in the 'reserves' and thereby acquiring land for sugar production and increasing throughput in the mills, an example followed by the timber industry. In KaNgwane (Mpumalanga), male cane growers achieved substantial yields and incomes on larger irrigated plots from which previous residents had been cleared (Vaughan 1992; Vaughan and McIntosh 1993; McIntosh and Vaughan 1996:94-107).

Patterns of settlement and ownership of land and forms of labour relations were never forced into the moulds provided by the planners of segregation and apartheid. Older social relations, such as labour tenancy and sharecropping survived and re-emerged in new guises on white-owned farms and across the boundaries of the Bantustans. Communities evicted from their land sustained claims for the restitution of their rights with legal and organizational support from land NGOs. The clearance of people from the white-owned farms to dense settlement along the borders of the Bantustans increased tensions and conflicts within the Bantustans and created unresolved demands for land for residence and grazing across the fences surrounding the farms in adjacent districts.

## **Desegregating the land**

### **Designing Land Reform**

The legal exclusion of black people from acquiring land in most of South Africa was abolished only in 1991. The 1991 Abolition of Racially Based Land Measures Act, followed by the 1993 Provision of Certain Land for Settlement Act, sought to find ways of broadening access to land hitherto reserved for whites, which maintained the preference for individual property over other forms of rights in land and continued the state regulation of the division and use of land in the name of conservation and commercial development (Francis and Williams 1993; Steyn 1994; Winkler 1994).

The World Bank's Options envisaged a more far-reaching transformation of land ownership. This would pre-empt violent conflict in rural areas and combine the justice of redistribution with the efficiency attributed to smallholder production. The "surprisingly small" costs of R17.5 billion (\$5 billion) over five years proved to be far beyond the sums which the government was prepared to release for land reform - they amounted to 44 per cent of the total sum initially allocated to the entire RDP (Murray and Williams 1994:321-2). The Minister of Lands soon dropped the 30 per cent target, which he had inherited from the World Bank's Options in favour of more modest and realistic proposals. The new Department of Land Affairs land reform programme is made up of three elements: restitution of land, of which people had been deprived since 1913 because of racially discriminatory laws; redistribution of land to "poor and disadvantaged people" and land tenure reform (DLA 1997).

Land tenure reforms are designed to enable all South Africans to acquire legally enforceable rights to land within a common, non-racial framework. At the same time, they are intended to protect de facto rights and allow for different forms of tenure. New 'Communal Property Associations' have been created to allow beneficiaries of land reforms to "acquire, hold and manage property in terms of a written constitution" (DLA 1997:61-3).

The Advisory Committee on Land Allocation, set up by the outgoing regime, has been replaced by a Commission on the Restitution of Land Rights, a Land Claims Court and provincial Land Claims commissioners. Their task is to adjudicate the claims to land of those dispossessed under apartheid legislation after the passage of the Natives Land Act of 1913. They are also responsible for overseeing the claims of second-generation labour tenants to acquire land which they occupied or used on white farms under the Land Reform (Labour Tenants) Act 1996.

Several thousand claims for restitution have been lodged under the new procedures in urban and rural areas. Land has been restored to a small number of dispossessed communities but others await resolution of long-standing claims. The process and the achievement of reclaiming land exposes divisions between land owners and their former tenants and between those who wish to return to their land and those who prefer to pursue their fortunes elsewhere and claim monetary compensation instead. They raise issues as to who should exercise authority over who may live on the land, how it is to be allocated and to what uses it should be put, thereby opening up (or suppressing) conflicts of gender and generational interests. (du Toit 1996; de Wet 1997).

The Department of Land Affairs (DLA) proposals for land redistribution provided that households earning less than R1,500 per month may apply for a Settlement/ Land Acquisition Grant of R15,000, which in 1996 was equivalent to the government's housing grant for poor households. Their application must include a business plan; additional Settlement Planning Grants may pay for the services of a planner. This grant can be used to acquire land and to pay for the costs of housing, land for cultivation or grazing, investments in irrigation or in equity in a farm. Grants could enable beneficiaries to lever loans for these purposes. Since there is not enough money to provide grants to all eligible applicants, the DLA will have to provide them selectively to areas where the necessary institutional capacity exists or political influence can be exercised (DLA 1997:43-45,69-75).

The DLA set up land reform pilot projects in each province to identify land which could be acquired as well as appropriate beneficiaries and oversee the transfer of land to new owners. Whereas agriculture is primarily a provincial responsibility, land reform is centrally directed by the DLA through its own officials in the nine provinces and the districts where the pilot projects are situated. The pilot projects may involve officials from Land Affairs and from the Departments of Agriculture, Land Claims Commissioners, white farmers and their organizations, the several NGOs and community-based organizations, who seek to assist and claim to speak for the disparate people affected. Each has their own particular jurisdictions, authorities, forms of accountability and interests. Implementation of the projects requires that their activities be co-ordinated towards the realization of defined goals (du Toit 1996). The difficulties of co-ordinating these activities, and of securing consensus among the people concerned, have meant that few transfers of land have taken place and that the DLA has been able to spend only a fraction of the very limited sums allocated for land redistribution - thus undermining its claim to further resources.

Government departments, and the Ministry of Defence in particular, have been very reluctant to release land, which they have appropriated, for redistribution and are required to dispose of land only at market prices, however those are to be defined in the absence of sale of the land. The Strauss Commission on Financial Services argued against using subsidies to lower interest rates and proposed that the reformed Land Bank offer financial services wholesale to local and commercial retailers in rural areas (Strauss 1996a, 1996b). The Land Bank could foreclose on land on which there are arrears of debts. This would leave it with an expanding acreage of dispersed land on which it would earn no returns as long as it remained unsold unless it was leased to white farmers for grazing as the Development Trust had previously done.

Substantial numbers of farms are available each year for purchase in the market but not necessarily where claimants for land live and wish to live. Demand for land is most intense along the borders of the former bantustans where farmers are increasingly unable to protect their fences and livestock and resist encroachment of people and cattle on their land (Murray 1993; Beinart and Kingwill 1995). They look to government to buy them out as the previous regime did when it acquired land for the Development Trust and consolidated the territories of the bantustans. The prospect that the government would acquire their land for redistribution encouraged owners to inflate the value of the cost of their land and buildings.

The Department of Agriculture initiated the Broadening Access to Agriculture Thrust (BATAT) in 1995 to extend and adapt the provision of services to 'previously disadvantaged farmers' (Department of Agriculture 1995). They build on the assumptions of the unsuccessful FSPs, to which they add a Graduation Farmer Support Scheme, replicating 'master farmer' schemes in colonial Africa. The assumptions of the 1993 Provision of Certain Land for Settlement Act were retained in a 1995 policy document, which laid down the conditions under which suitable applicants would be allowed to settle on state land with high agricultural potential, first for a trial period and then under a conditional lease. These

are the same conditions as were imposed on poor Afrikaner farms allocated land on settlement schemes earlier in the century (Clynick 1996).

### **The Contradictions of Land Reform**

There is an obvious contradiction between the two aims of providing resources to the rural poor and encouraging the development of commercial production, whether by the emerging farmers favoured by the Ministry of Agriculture or by the smallholders envisaged in the World Bank's model. The first priority for most people wanting land is to acquire residential sites and gardens rather than land for grazing or arable cultivation. Poor people who acquire land are likely to use, and possibly lease, it for different purposes and combine it with other sources of income and security in the struggle to provide livelihoods for their families rather than farm it as an economic enterprise. The concern that land reform should give poor people access to land treats land reform not as an opportunity but as a cost, and one to be minimized, like dole payments to the unemployed or unfunded pensions to the elderly. This view may well be reflected in the very limited funds allocated by the government for land reform.

De Wet (1997) argues persuasively that the DLA approach creates a hierarchy of potential beneficiaries, with claimants for restitution at the head, followed by others who have been dispossessed, and labour tenants. Explicit priority "will be given to the marginalised and to the needs of women in particular" (DLA 1997: 45, also ix). In practice, benefits are more likely to go to those with "literacy, money, transport, political contacts and the ability to submit and continue pressing their claims" (de Wet 1997; cf Murray 1996). The structures for allocating land form an extended hierarchy of patron-client relations reaching from the DLA through provincial officials via non-governmental organizations (NGOs) to community-based organizations (CBOs) to the rural people seeing access to land acquisition grants. An alternative route goes through farmers, individual and corporate, who assist their employees to get access to grants to buy land, pay for housing and acquire equity in the farm business.

The households to which grants are made, and which will therefore acquire land, are gendered. Wives and widows typically expect to acquire access to the land they live on and cultivate through their husbands. Patrilineal succession transfers land to sons, on whom mothers can lay claims and who will keep land within the family, rather than to daughters who may marry out of it. Only in very poor areas where male migrants to towns lose interest in access to rural resources, and in cases where formal marriage ties are absent, are rights in and succession to household property likely to be vested in practice in women. In some instances, women on Trust land were able to occupy land in their own right; it is possible, if not always likely, that they will be able to do so where land is acquired by new trusts created to acquire, allocate and administer land for communities (Mager 1992).

Applicants for land are encouraged to aggregate their grants and thus to purchase farms as members of 'communities'. In these circumstances, income qualifications for eligibility are likely to give way to broader criteria of 'historical disadvantage'. By maximizing the number of households, communities can raise enough from their land acquisition grants to buy farms outright without additional monetary debt. In these circumstances, most claimants are unlikely to gain access to anything more than a housing plot and perhaps a small garden.

Claims for redistribution, as well as restitution, of land depend on and validate the authority of the men who speak and act on behalf of their communities, whether they are chiefs, elders or younger community activists. They act as brokers between communities and outside institutions and dominate civic organizations. They are likely to be able to charge high fees to outsiders seeking land but not to sons of community members and thus have every incentive to further increase the number of residents. (Cross et al 1996:149-54). Claims to land available for redistribution may invoke the historical rights of communities, real and imagined, thereby opening potential sources of communal conflict and ethnic exclusion between and within claimant groups.

Attempts to devise a template for identifying, adjudicating and registering the nexuses of rights to use, occupy and own land which are claimed within and between families, lineages and communities are likely to prove inadequate to the complexities and variations of local circumstances and extremely costly and timely to implement. New forms of communal property arrangements may meet the formal conditions for arranging the transfer of land but bear little relation to the informal and gendered networks through which the common property will be managed.

### **Implementing Land Reform**

The Land Reform Pilot Projects (LRPP) have adopted diverse strategies to meet the complex and varied conditions prevailing in their districts. In the Free State, the LRPP sought to find acceptable ways of allocating land available for redistribution among different applicants. The beneficiaries of land allocation under the new Free State government, as under the previous bantustan administrations, have tended to be people who are able to finance the purchase of land, the repayment of loans and farming activities out of incomes derived from commercial activities and salaried employment (Beinart and Murray 1995; Murray 1996; 1997). In the Southern Cape, the LRPP committed most resources to projects which sought to confer "more secure land rights and access to housing' for people for whom farming, or just gardens, were but one source of income and less to a project which sought to establish African commercial farmers on the land" (du Toit 1996).

The pilot projects in both KwaZulu-Natal and the Eastern Cape were situated in regions to and within which numerous people had been relocated creating intense demand for available land in the adjacent white farming areas. The prospect of land redistribution generated conflicts among potential claimants to land and pre-emptive land invasions. In KwaZulu-Natal, those keenest to move on to new land were young people without arable land or others who had recently been evicted and not established themselves in their present settlements. Farm workers, many of whom had been evicted from farms on which they were labour tenants, were keenest to spend money on cultivation to supplement their wages and other sources of income (Cross et al 1996:155-61).

The 1996 Land Reform (Labour Tenants) Act sought to protect tenants from arbitrary eviction and confer rights to the land they occupied on second-generation labour tenants. The Act may succeed in securing access to land for some labour tenants, and especially occupants of labour farms. It could improve their bargaining position of labour tenants with their landowners. In parts of KwaZulu-Natal, tenants expectations have led to conflicts with landowners and necessitated intervention by DLA officials. The Act did not enable tenants who had already been evicted to get land and is likely to cause farmers to close off opportunities for others to enter into labour tenancy contracts or even for farm workers to be allowed to keep their own cattle (Williams 1996b). Similarly, the Extension of Security of Tenure Act, which is intended to provide a measure of security of tenure to farm workers and residents, may prove to have been more effective in encouraging farmers to evict workers and to replace permanent with casual labour (DLA 1997:34).

The land reform pilot programmes will not provide replicable models appropriate for transfer to other regions. This is precisely because their plans have had to be adapted to the changing circumstances and conflicting claims specific to the areas in which they have been established - and because they will pre-empt most of the administrative, if not also the financial, resources available for devising and implementing land reforms. The pilots offer invaluable experience of the complexities and pitfalls of managing the process of land transfer and of the limits to the pace at which it can be accomplished. They may well transfer less land to black ownership than did the apartheid state in its attempts to shore up the bantustans.

Most claims to land, whether for restitution or redistribution, are made by communities. In most provinces, the historical divisions between (white-owned) land held as private property and land occupied by Africans under some form of communal tenure are likely to remain but the boundaries between them will shift. Measures to allow black people to gain access to rights in land from which they were previously excluded are not a monopoly of the state. Black commercial farmers cultivate large acreages of their own and, as sharecroppers, other people's land in the Ditsobotla region of the North West Province, scene of the massive and unsuccessful Ditsobotla Dry Land Project. As Francis (1996) notes, "While attempts to create commercial farmers from above in the former Bophuthatswana have been disastrous, other farmers have themselves used their skills and capital to engage in commercial farming." Some white sheep and goat farmers in both the Eastern and Western Cape have adopted a form of share tenancy to improve productivity and reduce their direct labour costs.

The market for sugar cane has been restructured in recent years. The cane transport scheme, which subsidised growers at a distance from the mills, was abolished. The division of proceeds, between growers and millers, which shared proceeds after the costs of refining and milling had been taken into account was ended. All farmers will receive a common price for sugar delivered rather than different returns to the higher-priced domestic pool and the export pool. These changes have already led to the closure of uneconomic mills. They close off opportunities for small cane growers in areas at a distance from mills but will also expand prospects for others in areas with available land and access to milling capacity. Small as well as large growers may well benefit from the new division of proceeds with millers but small growers will no longer be paid for all their cane at the premium rate for the protected domestic market. The sugar industry has transferred some land to Africans to farm on medium-sized holdings, returning to the Tomlinsonian goal of establishing farmers on economically-viable holdings. Most African sugar, and timber, producers will be limited to small acreages which enable them to supplement other sources of income. (Rahman 1997; McIntosh and Vaughan 1996:94-107).

Farmers in various provinces are looking at ways to allow their workers to acquire additional land or shares in the farm. These schemes may secure access to land acquisition grants to the benefit of the workers - and their employers. The high costs of, and delayed returns to, establishing deciduous fruit farms or vineyards bars new entrants without considerable financial resources. Workers have experience of fruit production but not the necessary financial and management skills. Various initiatives have enabled workers to gain a share of established orchards, either through equity participation by a workers' trust in the farm or by transferring orchards to farm workers and cultivating them jointly. In one case, farm workers have also used grants to meet part of the costs of acquiring land for vineyards adjacent to the farms where they work. They will buy grapes from the farm to generate income during the period before their own vines bear fruit. Unifruco and other commercial farmers' organizations have formed NewFarmers Limited to fund land reform projects through loans or equity participation. These initiatives may enable the industry to increase productivity by extending share ownership or restructuring incentives and to acquire additional land and water

resources, as well as access to land acquisition grants, from the state. (Williams, Hamman and Ewert 1996; de Klerk 1996; Mackenzie 1996; Lipton 1997:430-1).

Equity sharing and land acquisition schemes can only succeed if they provide workers with improved income and housing. Land acquisition grants may, in effect, replace the housing subsidies which the state previously made to farmers and which were abolished in the 1980s. Now, the value of the grants accrues to the workers not the farmers. Given the extension of security of tenure to farm residents, it may well suit farmers if workers are housed on their own land rather than, as in the past, tied to the farm.

The involvement of farmers and agribusiness interests in various land reform initiatives makes it possible for workers to supplement state grants with loans. Projects are more likely to succeed if they are underwritten by the commitment of farmers to their success and not only by financial guarantees. Black people are acquiring and will continue to acquire more land through different mechanisms and for a variety of purposes. Because of the state's limited funds and capacity, they are likely to get more rights in land through market transactions and corporate initiatives than directly through government programmes. State policies and land reform projects will affect, directly and indirectly, who are able to decide which people will get access to what land and for what purposes, though not necessarily in accordance with the intentions of state policies. Changes are taking place and will continue to do so in the allocation of rights in land as in the organization of agricultural markets. The most far-reaching changes demonstrate a surprising degree of continuity with patterns inherited from the past.

### **The Ironies of Land Reform**

The land reform programme in all its aspects - land restitution, reform of labour tenancy, land redistribution, and reform of land tenure - is designed to reverse the consequences of the segregation of land ownership. Black people are acquiring and will continue to acquire more land through different mechanisms and for a variety of purposes. State policies and land reform projects will affect, directly and indirectly, who are able to decide which people will get access to what land and for what purposes, though not necessarily in accordance with the intentions of state policies. Because of the state's limited funds and capacity, they are likely to get more rights in land through market transactions and corporate initiatives than directly through government programmes.

New legislation seeks, in the interests of labour tenants, to do what a century and a half of previous legislation had failed to do: abolish labour tenancy (Williams 1996b). Policies designed to secure the residential and employment rights of farm dwellers have prompted farmers to continue the patterns of reducing their permanent workforce and evicting tenants, workers and their families before the new laws take effect. Transfers of land have extended, and may continue to consolidate, the boundaries of areas of communal tenure. In many instances the newly-acquired land will be under chiefly authority. The pressures to increase the number of claimants and to allocate land to newcomers will produce new forms of 'closer settlement' of people, most of whom will have to provide for their own housing and have insufficient land for cultivation or for grazing stock. As in the past, those with access to off-farm incomes from trade, transport or employment the political networks will, as in the former bantustans, be best placed to take advantage for opportunities for Africans to acquire land for farming. Land Acquisition Grants to farm workers will be used to take the place of subsidies for housing farm workers. Farmers and corporations will extend the forms of contract farming initiated by the sugar industry and redefine their relations with their core of permanent workers.

Liberalization of markets will leave producers, manufacturers and traders and manufacturers in a position to defend or even enhance the dominant positions which the whole range of statutory privileges enabled them to establish. New entrants will not be able to benefit from subsidised interest rates, uniform assured and subsidised prices and protection from imports, which were created to support white farmers. The new market arrangements, like the old, will exclude many people from entry on favourable terms. They will also open niches for those who are able, in different ways, to gain access to land, means of production and markets for their produce. Opportunities for small-scale commercial agriculture may be greatest in places close to urban markets and employment for those able to find land for growing vegetables or rearing stock (Hart 1996) or depend on being able to obtain credit and access to market, and possibly land, irrigation facilities and employment from agribusiness concerns.

Changes are taking place, and will continue to do so, in the allocation of rights in land as in the organization of agricultural markets. The most far-reaching changes demonstrate a surprising degree of continuity with patterns inherited from the past.

Plus a change, plus c'est la meme chose:

Since 1994, deregulation of agricultural markets has proceeded apace. Land reform, in all its aspects, has proceeded far more slowly. State policy-making is concerned to provide a coherent and standardized set of policy prescriptions. This procedure is more obviously appropriate to the requirements of national agricultural marketing policies than to the locally specific issues of the allocation of land and fostering agricultural production.

Changes in marketing policies and in the allocation of rights to land continue to build on institutional forms and patterns of change established before 1994. Fiscal constraints have favoured policies of eliminating subsidies. The removal of subsidies imposed the costs of statutory marketing on producers and manufacturers and exposed the conflicts of interests among producers, thus undermining the system of regulation. The old order was no longer sustainable and the only question was what would take its place and who would be able to secure the most favourable positions in the new.

By contrast, land reforms are constrained by fiscal and administrative resources. It has proved difficult to make use of the limited money that has been made available. The state machinery has been built up to perform certain activities. It cannot easily be turned around, even with new personnel, and directed to perform new tasks. Like the old state, the new state cannot make people do what it wants them to. It is likely to be most effective when it works with local and national 'stakeholders' or, seen from another angle, 'vested interests'. They are likely to take advantage of changing circumstances to find new ways of pursuing their goals. It may not, therefore, be surprising, to find that the more things change, the more they stay the same.

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