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# Politics of state support for black commercial farmers on redistributed land in South Africa

Lessons from eastern Free State province

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Politics of state support for black commercial farmers on redistributed land in South Africa: lessons from eastern Free State Province by Mnqobi Ngubane

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#### Abstract

This paper reports findings from recent in-depth research on medium-scale farms (ranging from 70ha to 1000 ha in area) in the eastern Free State and analyzes the dynamics of 'state neglect', and 'elite capture' within South Africa's land redistribution project. Black medium-scale farmers are characterized as differentiated in their class identities, with only a minority able to engage in accumulation and most struggling to reproduce themselves as capitalist farmers. Also described are the uneven levels of support and subsidy offered by the state over time. The paper also discusses some lessons for policy, focusing on missed opportunities for increasing productivity on redistributed farms owned by black farmers in South Africa.

#### **Keywords**

Land, elite capture, state support, class differentiation

#### Acronyms

AFASA	African Farmers Association of South Africa
DRDLR	Department of Rural Development and Land Reform
LRAD	Land Reform for Agricultural Development
NERPO	National Emerging Red Meat Producers Organisation
PLAS	Proactive Land Acquision Strategy

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### **1. Introduction: the problem of inadequate state support for land reform beneficiaries**

Ace Magashule, the former premier of the Free State province of South Africa, is a regular ceremonial visitor at Diyatalawa 'state farm'<sup>1</sup> in the eastern Free State. However, the former premier and the provincial president of the African Farmers Association of South Africa (AFASA) have apparently both become unpopular with black commercial farmers in that locality because they are blamed for the state's neglect of such farmers. Farmers sometimes use metaphors to describe the disparities between their farms and Diyatalawa: 'Diyatalawa is always green, but our farms are always grey'; 'Diyatalawa is like a birdling, always waiting to be fed'.

These complaints are focused mainly on unequal levels of state support to farmers, which seem to be directed exclusively at Diyatalawa and a few politically connected beneficiaries, in contrast to inadequate levels of support for a wider, and more deserving, constituency of 'struggling farmers<sup>2</sup>'. These farmers' political agency has to date mostly taken the form of passive resistance, evident in the non-renewal of their membership of AFASA (Table 5), as well as in boycotts of AFASA marches and meetings.

This paper argues that these farmers are constrained in their political agency by the contradictions of capitalist accumulation, experienced by many as a generalized crisis of reproduction of their farming operations as a form of capitalist

<sup>&</sup>lt;sup>1</sup> Farmers who complain about Diyatalawa base their complaints on state subsidies the same farm receives constantly whilst the majority of farmers in the area receive little, if anything from the state. Diyatalawa is a former state owned farm, owned by a group of beneficiaries, mainly ex-farm workers who have apparently become key beneficiaries of massive state support, such as grain production machinery, livestock (dairy, beef cattle & sheep) in large quantities, enough to raise suspicion, compared to what is received by less politically connected farmers in the same area of study. Diyatalawa is also used as a facility for farmer training, as well as hosting high profile meetings between black farmers in eastern Free State, provincial government officials, as well as relevant state departments, Department of Agriculture, and Department of Rural Development & Land Reform.

<sup>&</sup>lt;sup>2</sup> Struggling farmers were found to be those farmers who struggle to reproduce themselves as capital on a seasonal basis. The key factors distinguishing struggling from successful farmers in the sample (n=62) are differentiated degrees of access to off-farm capital, as well as to some extent access to state subsidies, through legitimate means, and corruption. The farm production expressions and concrete causal dynamics underpinning such differentiation is beyond the focus of this paper, and dealt with sufficiently in the forthcoming PhD thesis of the author (Ngubane forthcoming). This paper simply analyses the political dimensions of class differentiation, and implications for state policy, in particular agricultural state subsidies for deserving constituencies of black farmers in South Africa.

enterprise. Passive resistance on the part of such struggling farmers has been hitherto interpreted as apathy, and as 'parasitism' by the provincial president of AFASA. This is how the AFASA leadership tends to characterize the grievances of farmers when they are raised as 'challenges' at farmer's meetings. Such reference to 'parasitism' seems explicit in statements such as the following by the AFASA president: *"The problem with you farmers in this area is that most of you behave like parasites, waiting to receive support from us, waiting for us [AFASA] to come to your farms - this bars you from accessing economic opportunities from us [AFASA]". Of course these statements are more likely to be made in the presence of researchers in 'farmers day' meetings, perhaps as political rhetoric to obscure real issues faced by struggling farmers. At bottom, however, are pressing practical problems, as reported by Kane-Berman:* 

Two days spent in October [2015] at the annual conference of the African Farmers' Association of South Africa (AFASA) outside Pretoria were fascinating. Ministers and officials declared themselves ready to drive radical land reform, but the black farmers said the focus should be on production and infrastructure. Ministers hailed new markets in the Middle East and Peru and elsewhere, but the farmers were more interested in getting roads fixed so that they could get their produce to the local market. Ministers said farmers should become part owners of tractor and fertilizer companies, but the farmers were more interested in getting 2016:1-2).

This highlights the need for grounded and realistic forms of state support for black commercial farmers in South Africa, rather than 'populist' statements about radical land reform, and political rhetoric about state support for farmers on redistributed land. I argue here that the needs of black commercial farmers located on redistributed land in South Africa can be best articulated by these farmers themselves, since they are based on everyday struggles with challenging realities on their farms, such as a severe lack of capital to invest in production and farm infrastructure.

A year after the 2015 AFASA conference, on 25<sup>th</sup> October 2016, two organisations representing black farmers led a march on the South African president's office at the Union Buildings in Pretoria. These were AFASA and the National Emerging Red Meat Producers Organisation (NERPO). Amongst the many grievances
4 voiced by the farmers on the march was inadequate state support for farming on land they received through the land redistribution programme. Participants also complained bitterly about the Pro-active Land Acquisition Strategy (PLAS) policy

of leasing redistributed land to beneficiaries rather than granting them private ownership with title deeds, which they could use as collateral to access loan funding from financial institutions (Uys 2016).

AFASA and NERPO appear to be the most organized groups representing the stratum of black commercial farmers in South Africa who own medium to large-scale farms, purchased either individually or acquired through land redistribution. The farmers who marched to the Union Buildings in 2016 were clearly of this stratum, rather than smallholder farmers in the former homelands, users of commonage land belonging to small town municipalities, or struggling small-scale farmers located on redistributed land.

The problem of inadequate post-settlement support for production on redistributed land is as old as the land reform programme in democratic South Africa (Hall 2004; Manhenze 2007; Prinsloo 2008). However, what post-settlement support means in practice varies a great deal from one farm to another, since land reform beneficiaries are highly differentiated. Such variation reflects a range of needs on specific land reform farms, depending on the specific historical context, methods of land acquisition and transfer, localized agro-ecological conditions, the character of current farming systems, labour and property regimes, the nature of input and output markets, and prospects for successful farming under these conditions.

Access to capital has been highlighted by many scholars as an important component of state support aimed at promoting successful agricultural production on redistributed land in South Africa (Prinsloo 2008; Madletyana 2011; Nxumalo 2013; Jacobs 2013; Kirsten et al. 2016). Based on evidence from 37 land reform farms (acquired either under the Land Redistribution and Agricultural Development policy, or LRAD, or the Pro-Active Land Acquisition Strategy, or PLAS) in the North West province of South Africa, Kirsten et al. (2016: 452) point out that "funds provided by the state are inadequate and most beneficiaries are not willing to take the risks associated with borrowing from formal financial institutions. Without access to funds to purchase inputs or improve farm infrastructure, it is difficult to continue with production".

Access to capital is key for farmers wishing both to purchase production inputs and to invest in productive infrastructure on land reform farms, but the problem is perhaps not only that farmers are "unwilling to take the risks" (ibid.:452), but that applications for production loans, and insurance for crops have been rejected by financial institutions on the basis that they do not have title to their land and, under PLAS, have been promised only leases (Hall & Kepe 2017). According to Nxumalo (2013):

"Very little has been done with respect to financial assistance and postsettlement support to PLAS projects. PLAS beneficiaries reported this, as one of the contributing factors to no or low productivity in most of the projects as beneficiaries do not have resources or start-up capital for sustainable production" (Nxumalo 2013:82).

Farmers gaining access to land under both LRAD and PLAS can be seen as benefitting from the wider discourse of Black Economic Empowerment, or BEE (Hall 2004; Iheduru 2004; Kariuki 2004). Some of these farmers have evidently internalized the goal of successfully engaging in capitalist accumulation, and have put political pressure on the South African state to provide them with the support they need in order to compete with their white counterparts in the agricultural sector. Some have embarked on political strategies to enable them to 'accumulate from above' (Cousins 2013a; Mamdani 1987), by forming close, though fragile, alliances with the state. A few farmers appear to have been very successful, and are on upward trajectories of accumulation, especially through access to off-farm income, and state corruption but many have fallen behind, and are neglected by the state, regardless of the fact that they meet the criterion required in order for them to be considered for state support (see Hall & Kepe 2017).

The political challenge is to redirect state support towards a broader constituency of struggling farmers on land reform farms, smallholders on irrigation schemes in former homelands, large groups of land beneficiaries in land restitution cases, and those black farmers who obtained private farms through other means before, and after 1994.

#### 2. The case: black commercial farmers in the eastern Free State

This paper focuses on black commercial farmers in the eastern Free State. Many acquired their land in the late 1980s and were funded by the Land Bank, while others received LRAD grants or purchased land privately. A few received farms 6 under leasehold through the PLAS programme (Table 1).

	Freq.	%
State application & Land bank	31	50.0
LRAD Grant	19	30.6
Private purchase	9	14.5
PLAS Lease	3	4.8
Total	62	100.0

TABLE 1: LAND ACQUISITION METHODS IN THE EASTERN FREE STATE

This paper draws on research findings from a study of 62 land redistribution cases in the eastern Free State, most of which date back to an earlier land redistribution project of the late 1980s. This was executed by the South African Development Trust for purposes of 'homeland consolidation' (Aliber et al. 2006: 3). Farms were acquired by means of expropriation with compensation at "market related value, but about 56% of the farmers were unhappy and made appeals, some were successful, and some were not, in their appeals against the state" (Dr H Claassen pers.comm<sup>3</sup>). Land expropriation was followed by the sub-division of farms from "an average farm-size of 900ha" (Dr H Claassen pers.comm) into smaller units (of between 70 ha and 1000 ha), and renamed "[New] Qwaqwa Farms" (Slater 2002; Murray 1997; Bank 1995; Figure 1). For example, the farm Weltevrede was 2900 ha, and subdivided into 18 farm units ranging from 98 - 280 ha, and handed over to 18 beneficiaries consisting of former farm workers of the same farm, as well as a few business and political elite (Ngubane forthcoming).

The main focus of the paper is to highlight the possible role of the state in supporting a broader constituency of under-capitalized farmers on redistributed land, beyond elite capture (Hall & Kepe 2017), and state corruption. Such proposition is based upon observation that where state support has been received, regardless of state corruption or not, farm productivity tends to be progressive, but only if state resources are used sustainably.

#### 3. Historical context

The land on which this paper is based forms part of an earlier land redistribution programme that was part of the Apartheid state's "idea of establishing small-scale

<sup>&</sup>lt;sup>3</sup> Dr Henry Claassen did his PhD research (Claassen 2000) in the same study area, and later worked at the University of Free State, where he later conducted further fieldwork on the same farms with colleagues (Claassen et al. 2014).

black commercial farmers on underutilized or abandoned land in [the then] exclusively white farming areas" (Keegan 1986:650 emphasis mine). Back then, this particular land redistribution model was inseparable from homeland politics, as articulated by Leslie Bank: "Mopeli's<sup>4</sup> controversial victory of 1980 brought with it the long awaited land incorporation, 63 000ha of prime white farmland given to the Qwaqwa government... As various parcels were handed over to the homeland Mopeli made it clear that the new land would not be allocated to anyone of the existing tribal authorities, nor would it be made available to satisfy land claims by clan or tribal groupings living outside Qwaqwa. It was intended, he explained, for the 'nation as a whole' and the development of small commercial farmers" (Bank 1995:583).



FIGURE 1: MAP OF THE STUDIED REDISTRIBUTED LAND (SLATER 2002).

This piece of land, 63 000ha, is geographically located to the northeast of the former Qwaqwa homeland, and named "[New] Qwaqwa Farms", probably for its

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<sup>&</sup>lt;sup>4</sup> Charles Mopeli was Prime Minister of the former Qwaqwa homeland government before it was dismantled in the "new" South Africa after Apartheid.

close proximity to the former homeland, Qwaqwa (Figure 1). The application process in order to become a beneficiary of 'New Qwaqwa Farms' was announced on Radio Sesotho, and sometimes pamphlets were redistributed on the streets of Qwaqwa's only town, Phuthaditjhaba in the mid-1980s. Invited applicants were selected and screened on the basis of business experience (Claassen et al. 2014). Some were selected on the basis of political connection, especially those closely aligned to the Qwaqwa homeland state. Some interviewees for this research mentioned that some, though few, Qwaqwa homeland parliamentarians, and state officials became land beneficiaries, but most of the latter sold their farms to mainly white commercial farmers more recently, after 1994, as most were mere 'absentee landlords'.

According to some interviewees the initial agreement between the state and the land beneficiaries was renting the land for R12 000 per annum, with an option to buy after 10 years. Such an agreement was subject to change in the mid-1990s and farmers were to receive Land Bank loans for farm purchases. As we shall see later, many farmers failed to settle Land Bank loans, and many were summoned by Land Bank, and lost their farms through auction sales, and winnowed out of farming completely.

However, more recently some farmers have found new strategies in order to settle Land Bank loans, such as renting out greater proportions or 100% of their arable land to efficient grain producers, who are mainly white commercial farmers, and opt to focus on less capital intensive farm enterprises, mainly livestock (beef cattle, sheep, and to a limited extent dairy, and goats). In some of these rental agreements, renters deposit the rental income directly into the Lank Bank accounts as per arrangement between the renter, farmer, and Land Bank (see Vignette 1 & 2). These types of arrangements have saved many farms from Land Bank repossessions as articulated by one of the interviewees: "Land Bank summoned us because we failed to pay [the loan for purchasing the farm]. I resorted to renting out [arable land] in order to pay Land Bank. We've had many offers to sell the land, especially when we were bankrupted. My neighbour sold his farm during bad years, and went back to Qwaqwa" (Respondent 13, June 2016).

The allocation of land to the (aspirant) black business elite (Table 2), as well as the well-established local black political elite reflect broader political objectives of the (Apartheid) state in redistributing land to people who were perceived to have

access to resources to make significant investments to keep the land productive in economic terms. In practice such objectives alienate much poorer potential land beneficiaries, such as farm workers, sometimes of the very same farms redistributed to mainly the black business, and political elite, as observed by Murray regarding the same land under study: "In the Free State, a swathe of stateowned land north of Qwagwa, along the northern border of Lesotho, was poised to be sold at the end of 1995 to farmers and businessmen who had previously rented individual farms from the state and who were able to commit some capital resources of their own. There is some question, however, whether these people properly qualify as the putative beneficiaries of land redistribution policy, who are variously described in ANC rhetoric as 'the historically disadvantaged people', 'the landless people', 'the poorest of the poor' and so on. The reason is obvious: that poor people without property cannot obtain access to commercial credit and, even if they could do so, cannot muster the capital resources necessary to embark on farming operations. There is therefore a chasm of credibility in respect of land redistribution policy: between the rhetoric, under which 'poor' people are supposed to be able to take advantage of new farming opportunities, and the reality, by which potential purchasers [or beneficiaries] who emerge are businessmen or taxioperators or supermarket-owners" (Murray 1996:221 emphasis mine; see Table 2 below in corroboration).

		Income	ncome source of household head prior to settlement									
		Farm worker/ labour tenant	General dealer		Small- scale brick industrialist		Small-scale capitalist farmer	Taxi owner	State Official	Other businesses in Qwaqwa	Unskilled work	Total
Year of settlement	1985 - 1990	5	6	0	3	1	6	3	1	2	1	28
	1991 - 1994	2	0	0	0	0	1	1	0	0	0	4
	1996 - 1997	1	1	0	1	0	0	0	0	1	1	5
	2001 - 2005	6	1	1	2	0	0	0	0	1	3	14
	2006 - 2009	2	1	0	1	0	0	0	1	0	0	5
	2012 - 2014	1	2	1	0	0	0	0	0	0	0	4
	Total	17	11	2	7	1	6	4	2	4	8	62

 TABLE 2: INCOME SOURCE OF HOUSEHOLD HEAD & YEAR OF FARM SETTLEMENT

Table 2 traces the economic histories of the studied farmers prior to settlement<sup>5</sup>, and illuminates that indeed some of the original land beneficiaries selected from

<sup>&</sup>lt;sup>10</sup> In patriarchal (capitalist) family farming, the male household tends to be the main farmer, and main catalyst for the household as a capitalist enterprise. It was on this basis that household heads were used as proxies to illuminate the nature of household as a petty commodity-producing household in a historical sense within capitalism (see Table 2; Bernstein 1988).

the 1980s were the (aspirant) business elite as observed by Murray above, but there were also farm workers, who did not have a wider resource base (especially off-farm income) on which to anchor farm investments. Table 2 also illuminates that the farmers in the eastern Free State today are composed of not only the original 1980s beneficiaries, but also people settled after 1994.

However, amongst those who received farm after 1994, through state grants, private purchases, as well as PLAS leaseholds, are still predominantly the business elite, and a few cases of farm workers to date. The latter leads us to a common problem highlighted by some of the farmers interviewed for this research. the tendency of the state to label all black farmers in the eastern Free State as elite beneficiaries of the 1980s land redistribution project. Apparently such labeling stereotypically bars many of the famers from state resources on the basis that they are beneficiaries of the Apartheid state's land reform. However, one must admit that some of the original land beneficiaries of the land redistribution that began in the 1980s have through internal competition, state corruption, as well as access to off-farm income become successful farmers with some political influence in terms of the distribution of state resources. However, those farmers who are not well off in economic terms (i.e. the much more poorer farmers, especially former farm workers) are less likely to receive state support, whilst some of their counterparts' farms receive overwhelming state support, sometimes in degrees, or quantities enough to raise obvious suspicion, as illuminated by the disgruntled farmers metamorphic language cited in the introduction of this paper. The latter is the crux of this paper.

Based on qualitative data extracted from life history interviews, the next section attempts to unravel what state support used to look like for the studied farmers in the recent past, before the withdrawal of state subsidies in agriculture during the 1990s.

#### 4. The fall of AgriQwa and the withdrawal of state subsidies in the mid-1990s

The current dearth of agricultural support for black farmers in the eastern Free State contrasts with that provided by the state in the past. As was the case in the former Bantustans, new black farmers located in the eastern Free State received government support from a state-owned development corporation in the 1980s and early 1990s (Murray 1997:205). The corporation was AgriQwa, later known

as Agri-Eco before it was dismantled in the mid-1990s (Ibid). According to the surveyed farmers, AgriQwa provided comprehensive support in the form of flexible loans payable at the end of each farming season, which enabled them to farm productively. For example, farmers could hire a tractor for soil preparation and planting at R500 per annum. Farmers could access other inputs such as seeds, fertilizers, chemicals, and so on, on credit from AgriQwa. Today these farmers remember the days of AgriQwa quite nostalgically. Here are some of their views:

"In the past we received vouchers [for inputs]. The state had [grain production] machinery that we hired at affordable rates. Our fathers managed to purchase their own tractors through the profits they made through the support from AgriQwa. Our cattle grazing camps were well fenced, and each camp had a well-maintained dam. AgriQwa support mechanisms were very helpful." (Respondent 44).

"AgriQwa kept our records in a notebook. For example, it was recorded each time a farmer took manure on loan, as well as diesel. The type of interest they charged was not compounding interest. We also hired farming implements from AgriQwa - we could hire any type of farming implement at affordable cost. Even if one had a smaller tractor - one could hire corresponding farming implements based on the [kilowatt] capacity of the tractor owned. Furthermore, AgriQwa officials assisted us with soil testing in order to adapt corresponding chemicals. This included soil preparation, and they sourced the best varieties of seed, and brought it closer to us, and all we did was to collect it from their offices at fairly good prices. This was efficient in such a way that each crop had its own chemicals, for example dry beans and other crops. They further provided us with all the information, calibrated the application of inputs, and explained everything. They even provided advice on how to operate tractors; for example they would say we should use 3 liters of diesel per hectare. When AgriQwa pulled out, we could not do calibration on our own - that is why I had to take agricultural courses. Furthermore, [when AgriQwa pulled-out] we were forced to hire independent experts, and that pushed farming costs even higher." (Respondent 20).

However, the demise of AgriQwa was not due only to the generalized 'neoliberal' <sup>12</sup> policy of dismantling state subsidies in the agricultural sector, adopted by the democratic state after 1994. It was also influenced by a locally-embedded politics that emerged in the 1990s in the eastern Free State. Interviewees suggest that a stratum of farmers, composed of mainly (former) civil servants in the Qwaqwa Bantustan bureaucracy, were quite vocal and politically active. They successfully mobilized poorer farmers to support their strategy of pushing out the white administrative elite who ran AgriQwa. Today, the struggling farmers look back at such events with dismay, against the backdrop of apparent 'elite capture' of state resources by the same stratum of farmers that were at the forefront of the dismantling of AgriQwa. As this illustrates, populist forms of politics can indeed be counter-revolutionary in some times and places (Scoones et al. 2017). One respondent noted:

"AgriQwa sourced the best of inputs (fertilizer, seed, chemicals). They had technicians that did research and advised us and trained us on a monthly basis. However, the most politically-inclined farmers destroyed all of the above. This led to the dissolving of AgriQwa towards 1994. We lost a lot from the dismantling of AgriQwa - we lost access to inputs (manure, seed, fertilizer), and we were left on our own, subject to the 'winds of change'. The markets were harsh on us - we could not access seeds". (Respondent 20).

This quotation suggests that although the white-dominated administration of AgriQwa was oppressive in its racialised political stance during the apartheid era, its technical efficiency was 'progressive'. It was thus experienced as a useful institution by the farmers, especially those who struggled following the collapse of AgriQwa, and who feel disadvantaged by what they perceive to be the exclusionary dynamics at work within current state support mechanisms.

Later, and perhaps unsurprisingly, some of the politically-inclined farmers who were influential in the dismantling of AgriQwa rose to high positions in the National African Farmers Union (NAFU). Some sold their farms, but continued to serve in the same organization, and some have recently emerged as renters of arable land from those black farmers in the eastern Free State who are struggling to survive. NAFU continues to exist in parallel to a breakaway group, AFASA.

AFASA is a national representative organization for black commercial farmers in South Africa, especially those on private farms, and land reform farms. It has a number of provincial presidents that co-ordinate membership and activities, including state support in localized contexts on-farm. For example, whenever there is a drought or a damaging fire on farms owned by black farmers, provincial AFASA presidents are tasked with coordinating state support (in the form of relief packages) to affected farmers. As in the Free State province, AFASA has had a positive influence on the provision of state mechanization support, but not without problems.

Some leaders of AFASA have been apparently accused (by struggling farmers) of various forms of capture of state resources that are meant to benefit black farmers in the Free State province as a whole (see below).

#### 4 Current agricultural production: mixed farming systems

The farm units studied have a mean farm size of 353ha, and a median of 275ha, indicating a degree of skewedness as a result of a few farms in the sample being much larger than the mean, greater than 500 ha. Patterns of land use on the studied farms reflect mixed farming systems revolving around grain and livestock. The greatest proportions of these farms in terms of land use are dedicated to grazing land (63%), and smaller proportions to arable land (37%).

TABLE 3: A PROFILE OF FARMING SYSTEMS ON REDISTRIBUTED LAND IN EASTERN FREE STATE (N = 62)

		Farm	Grazing	Grazing	Dairy	Beef	Sheep	Arable	Arable	Arable	Arable	Land	Land	Yellow	White	Sugar	Wheat	Soya	Sun-
		size	land	land to	cows	cattle	(#)	land	land	land	land	cropped	cropped	maize	maize	& dry	(ha)	(ha)	flower
		(ha)	(ha)	total farm	(#)	(#)		(ha)	(%)	rented	rented	(ha)	(%)	(ha)	(ha)	beans			(ha)
				size (%)						out (ha)	out (%)					(ha)			
Ν	Valid	62	62	62	14	56	22	62	60	39	25	24	25	14	3	17	4	4	2
	Missing	0	0	0	48	6	40	0	2	23	37	38	37	48	59	45	58	58	60
Mean		353	221	61%	34	57	27	132	41%	107	80%	88	49%	54	4	41	88	33	65
Median		275	170	68%	20	33	21	120	35%	100	84%	71	42%	41	1	34	40	34	65
Range		991	843	100%	158	549	71	500	99%	261	86%	429	98%	133	9	158	230	15	86
Minimum		72	0	0%	2	1	3	0	1%	10	14%	1	2%	7	1	2	20	25	22
Maximum		1063	843	100%	160	550	74	500	100%	271	100%	430	100%	140	10	160	250	40	108
Sum		21903	13704	63%	473	3184	604	8200	37%	4162	51%	2107	26%	762	12	701	350	132	130
Percentiles	25	194	89	43%	14	20	12	58	23%	60	68%	22	16%	19	1	16	24	26	22
	50	275	170	68%	20	33	21	120	35%	100	84%	71	42%	41	1	34	40	34	65
	75	474	288	80%	32	55	40	200	58%	150	100%	131	80%	84	,	60	199	40	,

The 14 farmers who have dairy enterprises have a median of 20 and a mean of 34 dairy cows, with a range of 158, and a minimum of 2 dairy cows. There is variability in numbers of dairy cows owned, litres of milk produced, and types of markets supplied, and extent of private and public sector support for dairy farmers <sup>14</sup> in the sample. Without such support there would probably be fewer dairy farmers, as many have dropped out of dairy production (Ngubane forthcoming).

Beef cattle production appears stable on the studied farms. 90% of farmers in the sample were found owning a median of 33, and a mean of 57 beef cattle units. But there are differences in beef cattle units owned when each farmer is taken into consideration. The minimum owned is 1 unit, and the maximum is 560 units of beef cattle per farmer. Various determinations underpin such difference, including historical economic positions, in terms of who came with what assets into farming, and types of investments made from thereon (Bernstein 2010), and degrees of access to off-farm income, and state support. There are fewer farmers (n=22) who own sheep in the sample (n=62). As with beef cattle, those who own fewer sheep are more likely to farm sheep (combined with arable land rental income) as a survival strategy, only to sell few livestock in a given season for survival. Those with larger herds of sheep, and beef cattle tend to be able to reproduce themselves as capital on the same scale of production, and beyond.

14 farmers were found producing yellow maize on a median land size of 41 ha, and a mean of 54 ha. The hectare range of their yellow maize crop fields is 133 ha, with a minimum of 7 ha, and maximum of 140 ha. As with other grains, yellow maize is produced for formal markets, the grain processing companies, or former agricultural co-operatives. Only 3 farmers were found producing white maize on a median of 1 ha, and mean of 4 ha, with a range of 9 ha. The median of 1 ha under white maize is an anomaly where white maize is produced for home consumption, and the rest of arable land is rented out. Other than this anomaly, the rest of maize producers in the sample supply grain-processing companies.

17 farmers were found producing dry/sugar beans on a median of 34 ha, and a mean of 41 ha, with a range of 158ha. The minimum hectare size under sugar/dry beans is 2 ha. As maize producers, dry/sugar bean producers supply grain-processing companies, and sometimes, smaller grain companies. At least one farmer mentioned supplying dry beans to informal street vendors in urban centres.

4 farmers were found producing wheat on a mean hectare size of 88 ha, and median of 40 ha, with a range of 230ha. The minimum hectare size under wheat production is 20 ha, and the maximum is 250 ha.

4 farmers were found producing soya on a mean hectare size of 33, and a range of 15 ha. The minimum hectare size under soya production is 25 ha, and the

maximum is 40 ha. Only 2 farmers were found producing sunflower on 86 ha, and 22 ha, respectively.

#### Land rental markets

39 farmers (63%) were found renting out arable land in differentiated proportions. Some produce grain on some proportion whilst renting out the other proportion of their arable land - both can be strategies for social reproduction or accumulation. But in such cases the land size cropped by farmer tends to be smaller than the arable land rented out. The arable land cropped by farmer has a mean hectare size of 73 ha, and median of 46 ha, with a range of 429 ha (Table 4).

		Size of	Land size	% of	Size of	% of arabe	Duration of	Rent per	Annual
		arable	cropped	arable	arable land	land rented	contract on	hectare on	rental
		land	by farmer	land used	rented out	out by	land rented	land rented	income (R's
			in 2016	by farmer		farmer	out	out	
N	Valid	39	11	11	39	23	28	30	33
	Missing	0	28	28	0	16	11	9	6
Mean		149	73	24%	107	79%	3	513	53834
Median		127	46	17%	100	83%	3	550	45000
Range		490	429	84%	261	86%	4	550	157600
Minimum		10	1	2%	10	14%	1	250	5000
Maximum		500	430	86%	271	100%	5	800	162600
Sum		5828	800	14%	4162	71%		15390	1776535
Percentiles	25	75	7	4%	60	68%	2,25	368,75	24500
	50	127	46	17%	100	83%	3	550	45000
	75	205	82	38%	150	100%	5	650	70162,5

#### Table 4: A profile of arable land rental dynamics (n=39)

The mean percentage of arable land cropped by farmer is 24%, and the median is 17%, with a range of 84%. The minimum percentage of arable land cropped by farmer is 2%, and the maximum is 86%. In sum, the percentage of available arable land cropped by farmer is 14% (of 5 828 ha of arable land), compared to 71% of the same arable land rented out in differentiated proportions, which illuminates that the proportion of arable land cropped by farmers is far less than the proportion of arable land cropped by farmers themselves when all the arable land from all farmers is taken into consideration. The percentage of available arable land rented out has a mean size percentage of 79% and a mean of 83% of available arable land rented out, whilst the minimum percentage of arable land rented out is 14%, and the maximum is 100%.

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The duration of contract on arable land rented out has a mean of 3 years, with a

minimum of 1 year, and a maximum of 5 years. Some of these agreements are verbal and informal, whilst others are contractual.

The rent per hectare on the arable land rented out has a mean of R513.00 per hectare, and a range of R550.00 per hectare, with a minimum of R250.00, and maximum of R800.00 per hectare. The annual rental income per farmer, for those farmers who were found renting out arable land has a mean of R53 834.00, and a median of R45 000.00, with a range of R157 600.00, and a minimum of R5000.00, and maximum of R162 600.00 per annum.

In sum these arable land rental distributional dynamics illuminate the tendency of greater proportions of arable land rented out than proportions of arable land cropped by farmers. Implicitly illuminated is the fact that arable land rental income is an important source of income for those farmers who are renting out arable land, especially in cognizance of the wider mixed farming agricultural context in which these farmers are located, sometimes supplementing rental income with other farm enterprise income, for example income obtained from livestock sales if a farmer does not engage in crop/grain production at all, and has most or 100% of arable land rented out. In many of these cases farming is a survival strategy, and typically involves renting out greater proportions of arable land for rental income, and focusing more on livestock (Ngubane forthcoming).

## 5 Political profiles of black commercial farmers in eastern Free State province

Analysis of the economic profiles of the farmers under study through the lenses of social differentiation, in particular the fluid and fragile processes of class formation, is illuminating. Black commercial farmers in South Africa are not a homogenous group but differentiated, with some much more successful than others. Successful accumulation takes place both through free-market, 'legitimate competition' (what Mamdani [1987] terms 'accumulation from below'), or with assistance, through political connections with government officials, corruption, and state patronage ('accumulation from above'). In the study, the majority (70%) of black farmers can

be loosely categorized as 'struggling farmers', and the remaining 30% as 'successful reproducers and accumulators' (Genis 2015)<sup>6</sup>.

The secret of successful reproduction and accumulation is access to off-farm income from various sources, including 'retirement/resignation packages' from formal employment and income from small to medium scale off-farm business (Ngubane forthcoming). The latter corresponds to a wider context of medium-scale farmers coming into agriculture with off-farm capital in other parts of the African continent, such as in Zimbabwe, Zambia, and Ghana (see Scoones et al. 2018). Also important for some are political connections with state officials, involving relentless efforts from below and corruption. The struggling farmers, on the other hand, are failing to reproduce themselves as capital, even though they appear somewhat better-off than the landless poor masses, living mainly in the urban and 'rural slums' (Murray 1987) of present day South Africa (Ngubane 2017).

#### 6. State support and elite capture in eastern Free State

Struggling black commercial farmers in the eastern Free State are aware of current state support mechanisms, such as recapitalisation funding and mechanization programmes, as well as drought and fire relief packages. However, the distribution of such state support is problematic in that only a few politically connected farmers seem to be major beneficiaries of state support, and most of the struggling farmers are aware of this. The latter have raised it as a challenge in 'farmer's day' meetings, in the presence of state officials and AFASA leaders, only to receive disappointing responses from authorities.

AFASA leaders blame the struggling farmers for not joining farmer's organisations, which then makes it difficult for them to benefit from economic opportunities and state support. Somehow, the AFASA leaders tend to label withdrawal by struggling farmers as a form of "parasitism" - i.e. suggesting that struggling farmers are pathetic and unable to help themselves, they just sit on their farms and wait for state resources. However, instead of recruiting farmers into AFASA, the provincial

<sup>&</sup>lt;sup>6</sup> These farmer differentiation categories are used here descriptively to meet the political dimensions of this paper in its focus on politics of state support for black commercial farmers in South Africa. A more rigorous farmer typology based on concrete qualitative, and quantitative causal dynamics of differentiation underpinned by emerging trends of capitalization, and de-capitalization will be presented at great length in the PhD thesis of the author of this paper (Ngubane forthcoming).

Free State AFASA President is seen going from farm to farm, negotiating land rental agreements with struggling farmers in support of his own farming operations. As a result, AFASA leaders appear to have become unpopular amongst struggling farmers in this locality.

	Freq.	%
AFASA	7	11,3
NERPRO	3	4,8
Both	18	29
Non-participant	34	54,8
Total	62	100

Table 5: Farmer association membership

The majority of farmers (54%) in the sample (n=62) used for this study are not currently members of either AFASA or NERPO (Table 5). Respondents stated that few benefits result from such membership. One respondent asserted:

"I am not a member of any farmers' organization because there are no benefits. There is corruption. It's a waste of time. Only a selected few get benefits in farmers' organizations....The owner of Qwaqwa Stars [football team] gets everything for his farm near Van Reenen. It is the politically connected that get state support for farming. State support should come to us directly, not via farmer representatives". (Respondent 36).

One of the passive resistance strategies used by struggling farmers against powerful AFASA leaders is boycotting AFASA conferences, and marches, such as the 2016 march to the State President's office mentioned earlier, as well as by non-renewal of their AFASA membership. Struggling farmers argue that their voices are belittled and ignored within AFASA, which tends to elevate the views of leaders and prominent farmers.

"AFASA leaders take everything for themselves. Every year they get [farming] inputs, but do not redistribute to struggling farmers". (Respondent 30).

"AFASA leaders sell state resources. They are corrupt. They offered me 300 bags of fodder [which was intended to be drought relief for struggling farmers] for R66 000, and I declined the offer. In the past, state support went to white farmers, and little went towards black farmers. But today, state support goes to

ANC comrades. I've never received anything from the ANC government. This is institutionalized corruption, from local to provincial, and all the way to national government". (Respondent 14).

This assertion is perhaps corroborated to a degree by a recent Farmers Weekly article entitled: "Drought relief fund irregularities" which drew some of its insights from a recent Department of Agriculture, Forestry and Fisheries report, that states that "10 000 bags of feed pellets were missing in the Free State" (Farmers Weekly, 16 June 2017).

Another respondent said:

"When Ace Magashule was the MEC for Agriculture [in Free State province] he arranged 2 tractors for us, a group of 25 farmers. We had to pay R130 in order to hire a tractor from that arrangement. But those farmers with bigger farms captured those tractors. We were paying, but we still could not access the tractors; and I chose to drop out of that scheme and purchased my own tractor, even though it is a very old tractor" (Respondent 39).

Elite capture of programmes to provide resources such as farm equipment and machinery, such as tractors and implements, as well as state sponsored drought and fire relief packages, illuminate fundamental contradictions in the distribution of public goods. Struggling farmers are often forced to lease out their arable land to white commercial farmers because they lack access to farming implements, such as high capacity grain production machinery (Ngubane 2017). Yet it seems that it is the more successful farmers, who can probably afford to purchase these implements on their own, who manipulate state programmes to benefit themselves. This is how less successful farmers appear to see the situation, at any rate.

Nonetheless, a few (a total of six) struggling farmers in the eastern Free State did receive state support, and saw changes in their farming enterprises (Vignette 1 & 2).

#### 20 Vignette 1

Farmer P, an 80-year-old former businessman owns a 300 ha farm with 190 ha of arable and 110 ha of grazing land. 100 ha of arable land is rented out to a white farmer for R600

per hectare in a 5-year contract. The rental income has helped in settling the Land Bank Ioan for farm purchase. In a 25-year contract with Land Bank, Farmer P had about R17 000 outstanding in 2017, thanks to the rental income that went directly towards the payment of the loan - Farmer P settled the Land Bank loan through rental income paid directly to Land Bank by the renter. In fact when Land Bank demanded loan payment for an account in arrears, Farmer P was forced to swiftly effect the rental agreement, and also physically present the renter at the Land Bank office to sign a payment agreement, which stipulates that the renter will pay the rental fee directly into the bank account of Land Bank. These arrangements have saved many black owned farms in eastern Free State from Land Bank's ruthless repossessions. This raises questions about alternatives, for example would it not have made difference if Land Bank provided the same farmers with production loans (for grain or livestock production) and hold land as collateral instead of opting for repossession? Nonetheless, as other farmers who rent out arable land, Farmer P's major focus is livestock (beef cattle). In 2016 Farmer P sold 14 units at a livestock auction sale in one of the closest towns, Bethlehem, and was left with 27 cattle. He used the R89 000 accrued from cattle sales towards mechanical costs for his vehicle, and saved the rest for groceries for home consumption, to supplement his monthly old age grant of R1650, which he shares with grandchildren staying with him in Qwagwa. His two sons, in their 50s of age, work as truck drivers and have their own homesteads offfarm in one of the townships of Qwaqwa. His 3 daughters who are in their 40s, and 30s in age, respectively, have also established their own families - two work as clerks in hospitals, and the last born, in her 30s works as an engineer for a milk processing company. Farm income over the past 20 years has contributed to the rearing and education of Farmer P's offspring, especially daughters - his daughters are in skilled, and relatively well-paying jobs than his sons, a contribution that Farmer P is proud of in terms of the social mobility of his daughters - he boasts that the youngest daughter [the engineer for a milk processing company] loves the farm the most. Farmer P's cattle are herded by a farm worker, resident on-farm for a monthly wage of R800, including payments in food, and kind. In 2016, Farmer P had a gross income of R149 000. But that was subject to change significantly in the year 2017, after he received recapitalization funding from DRDLR towards grain (maize) production on 42ha, through Grain SA mentorship. Such state support is a political response to a lack of capital to purchase or hire grain production machinery on the part of many farmers in the eastern Free State who mainly rent out arable land as a result. However the sustainability of such state support is yet to be seen. Current problems confronting this form of state support revolve around the management of funds, especially the income that should accrue to beneficiaries from the sale of grain. The mentorship agreement signed by the state gives the mentor, Grain SA the authority to keep farmers' grain income safe on behalf of farmers for reinvestment in grain production. This has caused conflict which is yet to be resolved.

#### Vignette 2

Farmer H, a 35 year old farmer is a mechanical engineer by profession, but chose to farm full-time after the passing of her sister who had been resident on-farm with their widowed mother, aged 73. Farmer H has 2 other siblings, an older brother, and a younger brother. Her eldest brother, aged 50, established his own homestead off-farm in a nearby village, and works for the Community Work Programme of the Department of Social Development. Her 40-year-old sister has an LLB degree, and works for a private law firm in Gauteng province, and the youngest brother, aged 23 is still at a technical skills college. Their family farm is 350 ha in size, with 87 ha of arable, and 263 ha of grazing land. 60ha of arable land is rented out to a white farmer for R800 per hectare under a 5year contract. The Farmer H family decided to rent out arable land under pressure from Land Bank for the loan they took to purchase the farm. That was the only strategy they could use to save the farm from being auctioned by Land Bank in 2009. Since 60ha of arable land is rented out, Farmer H specializes in dairy, and supplies milk to a multinational milk processing company under contract. In the year 2016 the gross income for the Farmer H household was R393 600 from milk sales (R345 600), and arable land rental income (R48 000). Their dairy herd of 36 has also benefited from dairy cow donations from a milk commodity association that has sponsored the Farmer H farm with other support such as electrification of the farm, and also lobbied the Department of Agriculture to sponsor the construction of a milking parlour worth R650 000. These support mechanisms are elements (or subsidies) that underpin the reproduction of the dairy enterprise. Without such support Farmer H's dairy enterprise would have probably collapsed as many other dairy enterprises in the eastern Free State. The Farmer H household has put aside 7ha on which they produce yellow maize for processing into silage to feed dairy cows. The renter is responsible for soil preparation, planting, harvesting, and processing yellow maize into silage in an informal agreement part of the rental agreement. There are 3 farm workers responsible for herding, and milking (there is an automatic milking parlor, they do not milk by hand, but put the automatic operation into work, through careful monitoring, under supervision by the main farmer). The workers are paid a monthly wage of R1300 (i.e. 2 workers), and the third one R1100, including payments in food, and kind. One of the workers is a migrant from a neighbouring country, Lesotho. Farmer F expressed that they regret renting out the arable land since they received recapitalization funding from DRDLR (through political connection), which would have enabled them to produce maize on 100% (87ha) of the arable land they have at disposal. The recapitalization funding worth R217 000 assisted the Farmer H to produce yellow maize on 20ha in the year 2017. Such state support is a full package of grain production, including soil preparation, planting, harvesting, and marketing of grain by the mentor, Grain SA. Whether farmers are satisfied by all the conditions is another guestion. For example, there are complaints from other farmers who received similar

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state support about too much policing of their sales accounts by the mentor. And the selection of farmers as recipients of state support seems lacking transparency, and susceptible to elite capture.

Those struggling farmers who had recently received recapitalization funding in the study area also complained about their mentors and partners, whom they accused of inflating costs of services provided (soil preparation, planting, and harvesting) using machinery that struggling farmers do not possess. For example, Farmer C complained about the high transportation costs (R100 000) of bringing a tractor to the farm over a distance of around 200km. This is consistent with Hall & Kepe's (2017) suggestion that in the Eastern Cape province of South Africa some agribusiness partners of black farmers are capturing state resources for their own benefit.

In another case, Farmer X became a beneficiary of recapitalisation funding worth R500 000 in 2016. All of the funds went towards meeting the planting and harvesting costs of a 50ha maize field, but the same farmer was left owing the contractor an excess amount of R100 000. On the basis of this experience, Farmer X suggests that "the state should purchase its own grain production machinery, instead of contracting this service [mechanization] out to service providers, because it opens a window for corruption through service costs inflation by service providers".

Grain SA, the main partner for the dissemination of recapitalization support in the eastern Free State, suggested using its own bank account to hold the income from beneficiaries' maize sales, to ensure that it was reinvested into their farming enterprises, as per their contract with the relevant government department, the DRDLR. This arrangement has raised serious concerns amongst the beneficiaries, and some have obstinately pushed for income from maize sales to be deposited directly into their bank accounts, from where it can be invested in other farm enterprises, such as beef cattle. Grain SA has attempted to stop this practice, but not with complete success. At least one farmer invested all income from maize sales into his beef cattle, at a cost of R421 000 for a herd of 25 *simbra* cows, and 1 bull. In this case, Farmer X views investment in beef cattle as more appropriate for his farm enterprise than grain production.

The DRDLR, in focusing on grain production, is trying to revive grain production on the arable land of struggling farmers, who have often been forced to rent out large proportions (and in some cases 100%), of their arable fields to more efficient grain producers, usually white farmers.

Focusing on livestock production, some farmers in the eastern Free State have received support through NERPO in particular, *Bonsmara* beef cattle. Some struggling farmers have seen positive changes as a result. For example, Farmer D recently received 20 *Bonsmara* beef cattle, the herd increasing to 50 head of cattle by September 2017. The farmer stated that "we sold some of these cattle to pay-off the Land Bank loan for the farm".

Summing up, state support to black commercial farmers in the eastern Free State is somewhat disjointed and fragmented, and not all struggling farmers have received any assistance. A much more diverse, comprehensive and transparent support structure is needed.

#### 8 The Land Bank and lack of farm production loans

The Land Bank warrants special attention in this paper. As mentioned earlier many farmers in the eastern Free State lost their farms through Land Bank repossessions for failure to settle loans due to indebtedness caused by many determinations associated with farm decapitalization. Against this backdrop it seems inevitable to question Land Bank's failure in providing the studied farmers with production loans. A closer look reveals that few farmers received farm production loans in the studied area. For example in one case, where the Land Bank production loan was received, the farmer unfortunately did not have a good maize harvest in that year due to unfavorable climatic conditions, and was forced to sell cattle in order to settle the Land Bank production loan.

In another more recent case, Farmer C received a production loan worth R 2 Million in 2017, which was enough capital towards the purchasing of grain production machinery, and other inputs, which has enabled Farmer C to produce grain, and not rely on renting out arable land. However, in a sample of 62 cases in 24 the eastern Free State Farmer C is the only farmer who has received a production loan from Land Bank most recently, to date. This raises the fact that state support from various state institutions towards black commercial farmers on redistributed land in South Africa is fragmented as we have seen above in the unevenness of state support towards a selected few farmers. A more pragmatic approach is needed.

This leaves more room for improvement on the part of Land Bank, especially in strategizing on criteria to identify deserving farmers for the disbursement of production loans. It must be highlighted that where production loans have been issued by NERPO in the form of *bonsmara* cattle for integration into the red meat industry there has been greater degrees of progress as evidenced by Farmer D cited above. In other words Land Bank production loans should not be exclusively about grain production for all its capital intensiveness, and susceptibility to risk associated with climate and market variability, but can also include production loans for the less capital intensive, and much more manageable livestock enterprises, such as beef cattle or sheep with a relatively good success rate, at least in the eastern Free State. Moreover, as documented elsewhere (Ngubane forthcoming), livestock, and beef cattle production in particular was found to be stable, if not thriving on the land under study, and most farmers rely on the latter for survival.

In a nutshell, in addition to DRDLR, and Department of Agriculture, Land Bank seems the best placed institution to evolve with changing times in South African agriculture. The South African state should be encouraged to be proactive in ensuring that Land Bank has sufficient funding in order to become flexible to accommodate the needs of differentiated poorer black farmers on redistributed land, and small-scale farmers in the commonages outside urban areas, as well as small-scale farmers in the former communal areas<sup>7</sup>.

#### 9. Conclusion

The South African land reform project is characterized by both 'elite capture', and 'state neglect', and with few features that derive from policies aimed at eradicating rural poverty (Hall and Kepe 2017, Cousins 2013b). These problems are evident in the eastern Free State as well. Here, struggling black commercial farmers are in the majority and are neglected by the state. However, they can clearly see the

<sup>&</sup>lt;sup>7</sup> But small-scale farmers in commonages outside urban areas, and in former communal areas appear in need of more land through redistribution. It seems ironic that the current land redistribution project of South Africa targets the business, and political elite as beneficiaries (Hall and Kepe 2017).

capture of state resources by the local political elite amongst black farmers, and have responded by embracing a range of 'passive resistance' strategies. They distance themselves from farmers' organizations such as AFASA and NERPO, and have openly accused political rural leaders of both corruption and neglect in 'farmer's day' meetings, only to receive somewhat disempowering responses from those in leadership positions.

Agribusinesses, which are the main mentors and partners of struggling farmers in cases where state funding has been received, are also being accused of corruption in the form of cost inflation for services rendered.

The capacity of these farmers to engage in collective resistance is undermined by the generalized crisis of reproduction they currently face as struggling commercial farmers. Their collective resistance is further constrained by the individualist stance they have been encouraged to adopt, and internalize, as aspirant accumulators within the commercial agricultural sector.

This paper suggests that the 'political will' that is evident in 'elite capture', has to be shifted towards supporting the more deserving constituency of struggling farmers in the eastern Free State, and other deserving constituencies of farmers on redistributed land elsewhere in the country, such as former farm workers, and small-scale farmers on redistributed land. This could lead to increased levels of productivity on farms owned by struggling farmers. It has been observed that in cases where state support has been received, regardless of whether or not it has involved corruption, farm productivity has increased, and there is a greater probability of re-investment of income and enhanced prospects for sustainability.

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