

SACP DISCUSSION DOCUMENT ON RURAL DEVELOPMENT POLICY FRAMEWORK

1. Introduction

Rural development is about the human development of the rural poor, which includes, but is not reducible to agriculture and land redistribution. However land and agrarian transformation should be the linchpins for our rural development. The paper's main objective is to assist our South African Communist Party in its efforts to develop a policy and programme aimed at addressing the scourge of rural poverty in the country and campaigns that it may embark upon to advance the struggle against rural poverty. To this end, the paper lays out a brief historical context of the agrarian question, identifies the main causes, the extent and depth of rural poverty. Simultaneously it reflects on the gaps in current rural development policies of government, suggests appropriate rural development policy instruments and approaches for effective rural poverty eradication, and finally recommends campaigns that the Party may embark upon to mobilise and organise rural communities against the roots of racialised and gender-based rural poverty.

Identifying the main causes of rural poverty, the presentation argues that the resolution of the South African agrarian question in favour of the white industrial and agricultural capital has much to do with the poverty and the sharp racialised and patriarchal uneven development that characterises contemporary South Africa.

Whilst assets, such as land and livestock, were stripped from the African majority, they were simultaneously denied the opportunity to develop new collectively owned assets by restricting access to financial, infrastructural and educational resources. We further point out that the post-1994 economic policies and approaches did not help much in ridding the country of rural poverty. They further widened the gap between the poor and the rich and in themselves became a constraint to rural development.

The resolution of our colonial agrarian question, therefore, will be more persuasive if it is linked to eradication of poverty through the transformation of our colonial industrial structure as a necessary condition for socialist transition. Conversely, land redistribution will be less persuasive if it is just for moral reasons. In other words, land reform and agrarian strategy should be linked to transforming our colonial industrial structure to (a) diversify our economy and reduce our dependency on global capitalism. To this end, we should anchor our rural development strategy on distributing productive assets such as land, instruments and socio-economic infrastructure to the rural poor.

Because the balance of class forces will determine the policy outcomes of the rural development strategy, therefore it is important to conduct an empirical class analysis of the countryside in order to identify social forces for and against rural change.

2. The agrarian and land question in its brief context

In the context of a transition from feudal or pre-capitalist mode of production, the contradiction had been the availability of the propertyless class to sell its labour power to capital. This contradiction had been resolved through dispossession of the peasantry and other simple commodity producers. Once capitalism was installed, the debate had been: (a) whether the peasants will wither away or will be maintained, but articulated to the dominant capitalist mode of production. And (b) How does the capitalist mode get installed in pre-capitalist social formation – that is whether from below or from above?

In colonial contexts, the key agrarian question had been: how to get labour power to extract raw materials and generate surplus from the peasants in order to fund the colonial state. Like in many colonial societies, the agrarian question was resolved in the interest of mining and agricultural capitals. Land dispossession was used to establish a coercive labour system that would ensure that there was a constant and sufficient supply of cheap labour to both capitalist agriculture and mining. Furthermore, the mass removals resulting from the implementation of the 1913 Land Act were a source of great suffering and hardship for the Africans – starvation in grossly impoverished communities in the overcrowded and underdeveloped reserves became the order of the day. They were forced to take up wage labour on farms or mines.

Once capitalism was installed in South Africa, African peasants production was nicely articulated to the dominant capitalist accumulation firstly through unequal exchange with colonial merchant capital and later through provision and reproduction of cheap labour power for mining and agricultural capitals. Put differently, African peasant production had two functional roles, namely: (a) reproduction of cheap labour, (b) Served as a market for white agricultural capital. The traditional leadership played a major in controlling the African rural inhabitants. Of course, the African inhabitants have never been homogenous in class terms. But the majority of the African rural inhabitants have been Africans, and in many instances living side by side with white commercial farmers.

When the African subsistence farming, oftenly undertaken by women, in the reserves were beginning to less productive, instead of providing more land, the Apartheid state, amongst other things and further denied the rural more land. Consequently rural poverty was deepened.

In post-colonial situations, the post-colonial ‘elites’ and global capital basically exploited the peasants through different mechanisms including unequal exchange. In short colonial and post-colonial societies did not transform or resolve the agrarian question in a manner that resolved the colonial industrial structure. These economies still depended on the metropolis for durable consumer goods and productive consumer goods.

3. Agrarian and land question and rural poverty in post-1994 South Africa

As a result of this systematic process of dispossession and exploitation taking place for more than three centuries, at the advent of a democratic political dispensation in 1994, South Africa was regarded as having one of the most skewed distributions of economic productive resources, income and wealth.

The outcomes of the 1994 negotiated settlement which maintained the key pillars of capitalism set necessary conditions for the reproduction of working class, including rural poverty. The willing-buyer-willing-buyer market driven productive property distribution model further blocked the prospects for radical land reform. In instances where land is transferred it is just for re-feudalization of society and moral reasons, NOT accompanied by serious economic support measures. This has also led to the strengthening of the power of the traditional leaders, whilst the rural masses are increasingly becoming the receipts of paternalistic welfarism and periodic election voting fodder for the political elite.

In an attempt to redress the economic inequalities referred to above, in 1994 the government formulated the Reconstruction and Development Programme (RDP) followed by the Growth, Employment and Redistribution (GEAR) strategy in 1996. Using the latter the government put strong emphasis on state asset restructuring and privatisation, downsizing of the public sector and trade liberalisation aimed at reducing budget deficit (FAO, 2002).

Though GEAR produced results in terms of budget deficit decrease, improved revenue collection, skewed economic growth rate increase and, the economy kept on shedding jobs in their millions and strategies aimed at job creation could not stem the tide of unemployment, and interest rates still remained quite high proving disastrous for the smallholder farming sector.

The predominantly white agricultural sector was also affected under neo-liberal policy. It changed from a highly regulated and financially subsidised sector to a deregulated one with state support for inputs and mechanical services and price control on commodities abolished and marketing deregulated. Control boards were dismantled. These changes have produced contradictory outcomes within the agricultural sector. On one hand, the exclusively white commercial agriculture has become more competitive and productive. On the other hand, trade liberalization intensified competition within South African agriculture wiping out some of the white farmers. Many of the white farmers turned productive land into game farms as one of the responses to this competition. This has intensified the concentration and centralisation of agricultural capital in the hands of capitalist monopolies which also collude in setting prices for agricultural commodities. This concentration process has further contributed to the mass expulsion of farm labourers from the countryside, and to the undermining of the viability of many rural towns. Many of the current rural township “service delivery” protests are not unrelated to the impact of post-1994 agricultural liberalisation. Ironically, the liberalisation process which was meant to make our agricultural sector “more competitive” has also resulted in South Africa becoming a net food importer.

For the extremely underdeveloped smallholder farmers and particularly the beneficiaries of the land reform programme who opted for farming, deregulation proved extremely constraining and often disastrous. They were expected to compete and produce at the same levels of quantity and quality as the long and well-established commercial sector without putting in place any effective and transformative agricultural policy and programme for broadened and affordable access.

The false characterisation of the country's economy as consisting of two economies (rather than a highly polarised single reality) – the first and the second economy – further reinforced the marginalisation and underdevelopment of the smallholder farmers and disadvantaged farming communities, particularly in the former Bantustans. To illustrate this, land reform beneficiaries are expected to take over existing complex, large scale farming operations without any changes in the patterns and relations of production. The argument is always that any restructuring in this regard would be disastrous for the economy (read “first economy”) because it would lower the levels of production and the quality of the product, hence, the introduction of joint ventures or strategic partnerships and AgriBEE to mitigate the risk of a negative impact on the economy (read again “first economy”).

The so-called first economy notion creates an impression that it is an almost flawless economy to which all must aspire. The assumption is that there is nothing fundamentally wrong with it. It supposedly only needs some little tinkering here and there rather than total transformation and restructuring. This reflects a failure to appreciate the fact that the so-called first economy was and still is the very cause of the impoverishment of the African majority and that its driving force remains that of exploitation and perpetuation of inequality though in a relatively different form (a non-racial one). Essentially, the so-called second economy is simply a reflection of the consequences of the exploitative nature of this first economy. It should also be added that the capital-intensive commercial agricultural sector is unsustainable in many respects – it is highly dependent on oil based inputs (diesel and petrol for farm machinery and for long-distance freight haulage, and oil-based fertilisers and pesticides) – as peak oil begins to bite, the financial and environmental sustainability of these forms of production will be severely compromised. The water usage patterns tend also to be unsustainable and climate change will further drastically impact upon this sector. The liberalisation of the mainstream agricultural sector means that we have abandoned to market forces what is now desperately needed – major strategic state-led interventions.

The Rural Development Task Team in the RDP office, hoped that rural development would contribute to the realisation of the objectives of GEAR by “diversified job creation through local economic development; redistributing government expenditure to formerly deprived areas; an expansionary infrastructure programme to address service deficiencies and backlogs, while delivering infrastructure and essential services cost-effectively; social development in many fields, particularly education and health services, and through providing access to resources to improve household and national productivity; integrating marginal rural areas where the majority of citizens have been cut off from the national economy” (Rural Development Framework, 1997: 10). They never thought that GEAR itself will be a major constraint in the achievement of these objectives. In the light of the shortcomings of GEAR mentioned earlier there was no way that these important objectives could be achieved. Probably, like many, they thought GEAR was a strategy to implement the RDP. Definitely it was not.

Implicit in the foregoing discussion of GEAR and the two-economy paradigm is the extent to which the working class, particularly the landless peasants in the rural areas, are subjected to what Francis (2006: 1) calls “the constraints thrown up by social relations and institutions that systematically benefit the powerful”. In the final analysis it is clear that the process of conceptualisation of the economic policies, strategies and programmes that would eventually have a serious impact on the lives of the poor including those in the rural areas did not provide them an opportunity, not only to express their views, but to influence the direction that these should take in addressing their plight.

“Poor people face chronic risks, which are institutionally and relationally generated, in the form of “inequality, class relations, exploitation, concentrations of unaccountable power and social exclusion” (Wood, 2003: 457). Such risks may force them to make choices that deliver short-term security, at the expense of longer-term reductions in the risks they face. These choices may include over strong reliance on family relations, or allegiance to more powerful people, in ways that perpetuate their dependence.” (Francis, 2006: 4).

Unlike the process that led to the RDP, the process of conceptualisation of GEAR and the two-economy paradigm were driven by technocrats with virtually no input from the people including the rural poor who later would be negatively affected by their impact. Of course, it could be argued that the decisions regarding these policies were taken by their democratically elected public representatives ‘in their best interest’. However, the point is that in the real social world class relations result in power inequalities and exploitation of the vulnerable by the powerful. By virtue of their political clout and proximity to the echelons of power, public representatives tend to possess substantially more power and thus decision-making prerogative. This state of differential power permeates all levels of society - local, regional, national and global. The International Fund for Agricultural Development says:

“Poverty...is also a condition of vulnerability, exclusion and powerlessness - erosion of people’s capability to have their voices heard. Voicelessness is particularly acute for the rural poor who account for a majority,” (Transforming Rural Institutions, IFAD, 2003: 3).

In the South African context, the institutions of the rural poor are either very weak or non-existent. This has rendered them powerless and unable to influence the processes of political and economic decision-making that affect their lives. They cannot, for instance, deal with institutional constraints such as high transaction costs when selling their produce and buying goods and services for their farming operations, constraints in the operation of the land market, inaccessible and unaffordable financial services and inadequate market information.

Finally, it should be borne in mind that though most poverty is rural, as will be shown later, even among rural communities including the poor, there is widespread inequality, class stratification, exploitation and exclusion. Carter and May (1997) point out that though apartheid produced both poverty and compressed social and economic class especially in the black rural areas “this process of class compression does not imply that the black majority constitutes an economically

homogenous population” (my emphasis). So any rural development strategy aimed at poverty eradication must of necessity give serious consideration to this fact.

Despite the sometimes heated debates on conceptualisation, definition and measurement of poverty in South Africa, there seems to be consensus in South Africa that though South Africa is ranked as an upper middle-income country, it has one of the most skewed distributions of assets. As a result 40% to 50% of South Africans live in poverty. It is estimated that about 65% of the poor are found in rural areas with an estimated total population between 17 million and 20 million. In summary, of the estimated 20 million people in rural areas about 15.6 million live in poverty. It is also worth noting that about 61% of Africans, 38% of Coloureds, 5% of Indians and 1% of Whites live in poverty. So, unsurprisingly, the extent and depth of poverty is race-related. This statistics suggests that any policy, strategy or programme including rural development policies, strategies and programmes aimed at poverty eradication must take into account the race gender as well as spatial character of poverty in South Africa.

4. Gaps in Existing Land and Rural Development Policies

As earlier mentioned, in 1994 the democratic government made a policy choice opting for market-assisted land redistribution. Market-assisted land redistribution entails the adoption of the willing buyer-willing seller model in both acquisition and distribution of land with the market being the only instrument used for acquisition and distribution of land and the state playing a limited role of monitoring and facilitation.

Though by the end of the first 5 years of implementation good progress was made on a number of fronts, it was evident that the market-assisted process had failed to redistribute land to meet the set target of redistribution of 30% of agricultural land in 5 years.

A review of the process revealed that implementation repeated some of the mistakes highlighted by international experience. These included lengthy project cycles, excessive bureaucracy and reliance on outside consultants to formulate project plans without real participation by the beneficiaries themselves, over-centralization of the decision-making process, and low levels of complementary support services. There was also a lack of partnership and integration among relevant government departments, spheres of government and non-governmental organisations including service providers and the private sector. This disintegrated and incoherent approach was even more glaring between the Departments of Land Affairs and Agriculture that were even within the same Ministry : Land Affairs was not only providing land, but was also providing resources for agricultural capital, inputs, assisting with farm plans and housing infrastructure.

In addition, while the programme was based on a market-assisted approach, the land market itself was not restructured. Cumbersome sub-division restrictions remained in place, forcing beneficiaries to pool their small grants together to be able to purchase the only land available: large commercial farms. In many instances, this also resulted in failure to provide land of the quality and geographical location well suited for the needs of the participants, And whereas no official policy existed as to the preferred legal entity that the beneficiaries would use for their farming operations and landholding, officials promoted the Communal Property Association not only as the main form of property rights established under the programme but as the principal

operating vehicle for agricultural production. As a result, [the programme] would be characterized by a slow delivery rate, a significant number of poorly appraised and supported projects, an almost exclusive emphasis on communal property associations, which often resulted in misguided attempts at collective agriculture, and an insufficient impact on beneficiaries' incomes and agricultural production.

State officials also contributed to distortion of the land market by designing implementation mechanisms that began to give them a more active and central role in the acquisition process instead of the limited role of monitoring and facilitation. Though the land would be identified in the market by a land reform participant, state officials would become the central, if not the only, negotiator with the seller. The land reform participant would be completely excluded from the price negotiations. Even the offer to purchase would be made by the state not the land reform participant. For all intents and purposes, the state would act as a buyer except after the conclusion of the negotiations where the land would be transferred directly to and in the name of the land reform participant who had become a passive buyer.

Unfortunately, though the officials would argue that they did this with good intentions (to ensure that the beneficiaries or applicants - who by and large are not sufficiently literate or well-versed in the property market - are not swindled by unscrupulous land owners), this approach has been one of the factors contributing to the artificial increase in land prices. It created the impression that the state has a lot of money that it was prepared to throw at land reform and it opened up the process to corrupt state officials colluding with land owners to increase prices so that they (officials) may also benefit from the extra money charged for the land. This approach is not necessarily bad if applied in a context where the state has introduced effective measures to regulate and restructure the land market.

The demand- or application-driven approach (informed by the fact that in terms of policy which is underpinned by the state's commitment to "a land reform programme that will take place on willing-seller, willing-buyer basis", the beneficiaries self-select themselves, identify the land they require, approach the land owner and if he/she is willing to sell, they then apply for a government subsidy or grant to assist them to purchase the land) has led to a situation where, in the context of the objective of redistribution of 30% of agricultural land, the state finds it difficult, if not impossible, to guarantee that the set targets will be achieved. Meeting the targets for a given period becomes dependent on whether there are sufficient applications received or whether the received applications meet the requirements for approval and/or can be approved before the end of a financial year. In addition, precise planning and budgeting becomes impossible leading to either under-budgeting or over-budgeting

The approach also led to a situation where some landowners, particularly white farmers, started putting pressure on the state by offering their land for redistribution but in most cases without any beneficiaries selected or identified. Invariably the state refused to buy such land leading to the farmers lambasting the state, arguing that whilst refusing to buy land that they had put in the market or directly offered to the state for redistribution, the state was accusing them of being anti-land reform. The counter-argument by the state was that given the little or non-existent capacity to manage and maintain even its own current land (state land) it cannot take the risk of adding more land in its portfolio. In fact, examples abound showing how previously productive land fell into a state of neglect after purchase by the state when in the late 1990s it piloted a supply-led initiative. Furthermore, apartheid South Africa and international experience (and to a

certain extent our own experience) reflects a poor performance track record in the area of property management. Corruption, mismanagement and looting of state assets, among others, become the order of the day.

5. Our response to rural development

Rural development should not only be linked to industrial policy, but also to the macro-economic policy. At a macro-economic level, this link must be made as a necessary component to determine the South African developmental path.

That we now know the deficiencies and the failures of the current economic policies and approaches as discussed above, we need to urgently decide on what kind of economy South Africa requires to address poverty, particularly rural poverty, and map out the process that will lead us there as well as the social forces that must drive this development.

As part of this equation, we must also examine the extent to which the patterns of trade and investment in the world market into which our economy is inextricably linked are responsible for underdevelopment, particularly rural poverty, and to develop strategies to mitigate the effects thereof.

Of course, it is not the intention of this paper to do this, but it should be noted that without an over-arching economic policy that speaks to both our domestic demands or needs, particularly poverty, and the dictates of the world economy, all the efforts to address rural poverty will bear little fruit as we have experienced in the last 15 years of our democracy. Some may argue that was this not what GEAR intended to do. Yes, it was the intention, but rural development was not seen as one of the major driving forces of the strategy. There was a sense in which emphasis on the rural sector was seen as negation of industrialisation. There was no attempt to decentralise industrial development away from the urban centres by creating industries to support and service the rural sector including agriculture.

As a starting point and a short-term strategy towards linking industrial strategy, the economic policy and agrarian and land reform programme referred to above, there are some things that can be done to improve land and agrarian reform approaches and strategies

Section 4 above gave a detailed examination of the challenges or gaps in the current land redistribution programme which is a critical success factor for rural development. The challenges themselves do suggest some immediate remedies that can be applied to accelerate land and agrarian reform. The following are some of the immediate things that can be done:

- a. **Interventions in the Land Market:** Land markets cannot redistribute land. They do not automatically transfer land from inefficient to efficient users. Small farmers cannot go onto the land market and outbid large farmers for land – especially in the light of the fact that large farmers usually do not even use all of their land. The reasons for this are that the poor do not have money to buy land and they find it difficult or costly to access credit; land prices may be high due to

many factors (investors valuing land for its value as insurance, as a hedge against inflation, as tax shelter or as a means by which to gain access to subsidised credit or public infrastructure, for example, irrigation) and subsidies in input and output markets are also biased toward large farmers – this drives up the land price and increase the wedge between what small farmers and large farmers can afford to pay. Even if small farmers had access to credit, they would not be able to repay the credit.

Therefore the following interventions in the land market need to be made:

- The government should immediately develop an Agrarian and Land Program linked to the Industrial Strategy and supported by macro-economic policy – this Industrial strategy should include the transformation of the capitalist agricultural and agribusiness and food retail sectors, and a major review of the National Spatial Development Perspective which essentially views rural areas as “backwaters” into which social services should be provided while focusing almost exclusively on urban areas for infrastructure development.
- Nationalisation of land as a step towards socialisation. This will enable the mass driven and state-led allocation and use of land.
- Immediate removal of Restrictions on Subdividing Land
- Immediate Introduction of a comprehensive and progressive land tax
- Conscious and systematic support for rural local government
- Building of a rural social movement driven and led by rural women, landless peasants and workers to organise and mobilise the rural poor with the following broad objectives:
 - Create opportunities for the poor to build their collective capabilities to build their economic collective power,
 - Engage government on issues such as access to economic opportunities, basic social services such as water and infrastructure;
 - Promote self-reliance and development using all available human, natural and technological resources placing emphasis on agricultural development in all its forms.
 - Create and strengthen laws that enable the organisation of farm workers. This should include free political activity on farms.
 - End evictions of farm dwellers
 - Provinces to take up water campaigns for the rural inhabitants
 - End patriarchal based customary land allocation
- Education and literacy campaign in rural and urban areas focussing on the following:
 - Introduction of compulsory and free education up to age 18;
 - Provision of free university or technical training for school leavers
 - Each One, Teach One Campaign: mobilise youth volunteers to teach literacy in rural areas and urban informal settlements. This should include making rural and urban informal community service a requirement for all higher education students.

- Rural Schools and Day-care Centres Building Campaign: mobilise youth volunteers including those who are builders or undergoing building training.

A discussion on the compulsory Acquisition should also include a debate on the forms of ownership that generate productive accumulation. This is not to say welfare grants are not important. Surely social grants play a major role in creating purchasing power in the countryside. The growth of incomes arising out whatever of economic ownership generates demands for consumer goods in the countryside (e.g. fridge) and productive goods (machines). These are supplied by the industry. However, at the moment these are supplied by international capital, which generates serious current account deficits. The incomes in the countryside also increase the bargaining power of industrial proletariat, thus laying necessary conditions for capital to develop productive forces.

But whose products (commodities) should the rural population consume? Do they consume their own products as peasants, big agri-capital or state farms or co-ops? We should agitate for a position that encourages, (listed in order of their preference – (a) state farms (b) co-operatives and (c) private peasants as our immediate programs. This is not to suggest that all these forms of ownership are without limits, particularly when they operate within capitalism. For instance, co-operatives are subjected to the dominance of the law of value, therefore subjected to pressures of capitalist competition. So these measures should be seen as means towards socialism – not as ends in themselves.

Due to the enormity of the task not all areas regarding all the issues raised in this paper could be exhaustively dealt with. Hopefully, the little that has been done will suffice to prompt a discussions and further refinement of the issues herein raised and more importantly lead to the formulation of a progressive rural development policy and programme of our SACP.

BUILD PEOPLE'S LAND COMMITTEES, BUILD PEOPLE'S POWER