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Land Reform, The Agrarian Question, & Their Role In Agro-Industrial Restructuring Through Contract Farming in South Africa

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Land Reform, The Agrarian Question, & Their Role In Agro-Industrial Restructuring Through Contract Farming in South Africa

Lisa Santosa¹

1 Introduction

Land occupies an awkward position in the gamut of the Marxist dialectic. Especially when situated in agricultural production and peasant subsistence. Arguably, this aspect of social production remains stubbornly resistant to the totalizing regimes of both capitalist enclosure and industrialist proletarianization. Two key classical texts for situating land and the agrarian question in Marxist thought are The Trinity Formula (1959) and Karl Kautsky's (1988) *The Agrarian Question*. I would like to place Marxist theory on the agrarian question in the contemporary context of the rise of global agro-industrial food chains specifically through the phenomenon of contract farming. Contract farming indicates a shift from traditional agro-food production systems at the local and global level and may push the limits of a Marxist conceptualization of the agrarian question. Watts & Goodman (1997) invoke Kautsky in their discussion of globalization of the agrarian chain of production for the coming turn of the 21st century. They draw comparisons between the agrarian question in Kautsky's time of writing in the late 19th century and their time of writing in the late 1990s, nearly a century later. *The Agrarian Question* speaks about European peasantry and their incorporation into the creeping capitalist industrialization that was spreading from Northern Europe. The Trinity Formula became of great consequence for the agrarian question and the peasantry's incorporation into agrarian capitalism. A global restructuring of the productive relationships for agricultural commodity products and land has indicated a shift in social relations for individual food producers. What used to be a subsistence relationship to the land centered around the reproductive labor of the family unit was becoming in Kautsky observance a migration to the urban centers to supplement agricultural subsistence with wage labor or commodity sales. Watts & Goodman note a similar shift a century later with how the agricultural commodity production is being outsourced to the Global South. If we look to the case of agrarian transition in South Africa, we see an even more marked and complex state of affairs in an attempt to incorporate agricultural food systems into global supply chains. What we find is that these pathways of incorporation into global production systems are inherently dependent on the historical trajectories determined by settler colonialism and accumulation by dispossession in the country. While food security debates are couched in discourses of viability and productivity, we find that the econometrics of food production systems conveniently ignore entrenched inequalities concerning access to productive land and its inputs in South Africa. Though land reform in theory seeks to address this, its incorporation into neoliberal accountability frameworks furthers a climate that only caters to large scale producers. I will use this paper to summarize Marx's and Kautsky's papers concerning the agrarian question, contextualize the current climate for agricultural production through the contract system, and conclude with how the former's theorization of land and capital strengthen or limit the direction that food production has taken in the context of South Africa with particular context to racial segregation.

2 Marx & The Trinity Formula

“Capital—profit (profit of enterprise plus interest), land—ground-rent, labour—wages, this is the trinity formula which comprises all the secrets of the social production process” (801).

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Out of this trinity of capital, land, and labor or alternately expressed-- profit, ground-rent, wages— the only concretely material thing in this relationship is land. But without capital or labor, land cannot create value. Land can also serve as a barrier to surplus value creation if not owned by the capitalist but is extracted from him in the form of rent. Ground-rent and profit both serve as extractions of surplus value in the capitalist system but are differentiated by who they exploit—be it the landed class extracting from entrepreneurs or the capitalist class extracting from laborers. Though land is not productive by itself; the landowning class has initiated the process of capitalist production by separating laborers (formerly peasants) from their initial means of production (808). The trinity formula through profit, ground-rent, and wages creates a cyclical extortionary succession under capitalism that creates a particular social relation in which value is ascribed.

In capital—profit, or still better capital—interest, land—rent, labour—wages, in this economic trinity represented as the connection between the component parts of value and wealth in general and its sources, we have the complete mystification of the capitalist mode of production, the conversion of social relations into things, the complete coalescence of the material production relations with their historical and social determination (817).

The trinity represents a relationship that has “symmetrical incongruity.” Labor becomes de facto wage labor independent of any social form in its relation to capital or land. Through wage labor, capital is created which begets landed property, “These means of production are in themselves capital by nature; capital is merely an ‘economic appellation’ for means of production; and so, in itself land is by nature the earth monopolized by a certain number of landowners” (811). Just as labor gets naturalized into wage labor, capital is naturalized into profit and land into private property. Though as productive means, each sphere remains formally separate, removed from historical determinations. But profit, rent, and wages become congealed into bodies that perform them as social relations and the products of their output become material-- thickening the value that has become naturalized in productive relations. “Capital thus becomes a very mystic being since all of labour’s social productive forces appear to be due to capital, rather than labour as such, and seem to issue from the womb of capital itself” (814). The conditions under which value is created is mystified for all productive processes and gets attributed to the capitalist as both producer and executor. Circulation and currency are integral to this process.

But furthermore: the actual process of production as a unity of the direct production process and the circulation process, gives rise to new formulations, in which the vein of internal connections is increasingly lost, the production relations are rendered independent of one another, and the component values become ossified into forms independent of one another (815).

This importantly divides surplus profits into those created through enterprise versus interest, the latter which derives solely from the circulation of currency itself. Rent from property as surplus acts as a barrier to profit when formally separate from capital itself. Land completes the cycle of symmetrical incongruity in that it is estranged from the social element for Marx, but itself remains part of natural material processes that are independent of social relations.

3 Kautsky & Agricultural Production

“The first step in this revolution was the dissolution of peasant handicrafts through urban industry and commerce” (14).

Kautsky speaks of the subsumption of the medieval peasantry into the maw of capitalist industrialization that was rapidly enveloping the British countryside. Currency was the mechanism that brought the peasantry to the knees of wage labor. This in turn necessitated the commoditization of

the material output of peasant labor. “The peasant was now dependent on the market, which proved to be even more moody and unpredictable than the weather” (16). The commoditization of agriculture and the division of their labor strictly as *farmers* brings into fruition the distributors who bring their goods to market, a new servitude to what Kautsky calls *usurer’s capital* (17). This initiates the peasant’s transformation into the proletariat. The peasant’s means of production, the land which he tills on, is itself a limited commodity within the enclosure of the commons. Agricultural labor is also seasonal and dependent on the harvest. With the peasant family stretched thin between wage labor in the town and hands on the farm, hired laborers now work an expanded commercial operation that produces for consumers rather than the subsistence of a family.

According to Kautsky, modern agriculture is composed of land as private property and commoditized agricultural products. This distinction is important when explaining *ground-rent*. Land is simultaneously a productive means and a commodity but is unique in that it cannot be reproduced; it is finite and variable. Ground-rent is the variability of soils to maximize yield for productivity as a result of natural conditions. Average prices are determined not by the most profitable land or even moderate quality land, but by the poorest due to the capitalist extraction of surplus from productive means despite its rent capacity (73). Technology is an important component of increasing ground-rent because it can make land with poor soil increase its available output and thus yield surplus profit. Technology also makes labor more productive, increasing the output with less labor power. The relationship between landowner-laborer-capitalist in the agricultural scenario is most productive if the landowner is the farmer so that rent is not extracted from the productive earnings (77). In this situation, the capitalist sees potential for surplus profit.

Monopoly increases the price of the productive output beyond the price of ground rent. Title-deeds allow landowners to profit off the land without actively cultivating it for commodity extraction, making it a natural monopoly. They can lease the land and collect rent and its value can increase without the landowner’s productive input, “As differential rent, ground-rent is the product of competition; as absolute ground-rent, it is the product of monopoly” (81). The distinction between these two types of rent is key for Kautsky and it determines who is receiving the accruing profit of rent. Absolute ground-rent is based in institutions of private-property which depend on conflicting public and private interests which market fluctuations hinge on. He also makes the distinction between differential and absolute ground-rent in that the price of the former is determined by agricultural surplus yields whereas for the latter it is determined in a negative manner by deducting it from the production process in some way, namely from the wages of laborers. Kautsky introduces the concept of overseas competition, which reduces the value of absolute ground-rent which benefits the working class but devastates peasants (83).

In capitalist society the value of a plot of land, or an estate, equals that of a stock of capital whose interest-yield is the same as the ground-rent from that plot. The market-value of the land is equal to the size of this capital. This market-value is determined on the one hand by the level of ground-rent, and on the other by the ‘customary’ rate of interest(83).

This quote by Kautsky is important because he is describing how the value of a given plot of land in a market system is determined by how much profit or ground-rent it could yield, not how much it is or was yielding. A future oriented outlook determines its value rather than reference to its historical returns. Land is seen to be a resource that is infinitely renewable (85). “Capitalist agriculture only began to become significant once urban capital, and hence the credit system, had become well developed” (88). By mortgaging the interest on land, capitalist farmers are able to purchase the inputs necessary to increase yields. Kautsky asserts that under this system the landowner and the owner of the productive means increasingly become separate entities: the landowner/investor and entrepreneur. The transference of land from the landowning class to that of speculative “mobile” capitalist class becomes significant through the technology of debt. These flows of capital and debt also increase the value of absolute ground-rent. Even in Kautsky’s time, these flows were significant. Though the trend

of consistently rising land prices was evident then, he outlines scenarios of crisis where ground-rent will fall and farmers that have mortgaged out their land for more than it is worth risk losing it to creditors versus capitalist investors being relatively cushioned except in cases of exceptional crises.

4 Global Restructuring of Agro-Commodity Chains

The research cited below is largely taken from Little & Watts compilation, *Living Under Contract*, which investigates contract farming through ethnography. High Value Foods (HVF) are predominantly produced in the developing world in what are termed as “new agricultural countries” (Friedmann, 1993) such as Brazil, Mexico, and Kenya. The low costs of production due to the low costs of labor (Collins, 1993) and standard uniformity characterize HVF despite the litany of production issues that typify such a heterogeneous commodity sector (perishability, seasonality, and long gestation periods are some concerns for example). Agro-industrial corporations that supply HVF to the markets of the developed world are able to do this through contract production schemes. A contract arrangement is a grower and firm (exporter, processor, retail outlet, or shipper) in which a contract agreement specifies the marketing or production of the commodity (Glover & Kusterer, 2016: 4). These production arrangements arose in the 1930s and have come to predominate in many agricultural sectors (Little & Watts, 1994: 4). Contractual arrangements in agricultural production are meant to introduce uniformity into the harvest yield by giving common structure to the growing process through standardizing technologies, planting time, and seed quality. The institutional and social arrangements of contracts are in contrast highly varied. The scale of farms can run the gamut from small-holder peasant farms to large-scale commercial farms and can come to include an assortment of actors such as parastatals, non-governmental organizations or lending agencies, or private commercial entities. Contracting includes a highly varied constellation of stakeholders and production relations and is changing how agrarian labor and land are subsumed into capitalist development. Contract agriculture and the productive relations it creates necessitates us to rethink the agrarian question, the Trinity Formula, and primitive accumulation for the new international division of labor and how land and labor are newly incorporated into just in time production chains,

Unable to subsume the rural process in toto, selected rural activities have become sectors of accumulation for different fractions of industrial capital. As elements of the rural production process become amenable to industrial reproduction, they are appropriated industrial capitals and reincorporated as inputs or produced means of production (Goodman, Sorj, & Wilkinson, 1987: 7).

Contract farming is generally oriented towards export-markets that are situated in the Global North for consumers with specific needs and tastes. These markets want HVF year round and have cultivated preferences for particular generic food items in their daily diets. Incorporation into the world economy through export-oriented production chains, specifically in the agricultural sector, is highly encouraged by multinational donor agencies such as the International Monetary Fund or World Bank who often engage with developing governments to increase the viability and yields of agricultural schemas under the guise of food security. This can often involve partnerships with the agro-industrial complex and the public sector as well. These institutional dynamics bring into question how contract farming affects peasant and agricultural labor that are not necessarily privy to these negotiations happening at the commanding heights. Watts (1994) speaks of several global productive intersections occurring through contract farming that are significant for labor. Most critically it is transformative of rural and agrarian life in the Global South with implications for North-South relations (24). Through the legal mechanism of the contract, capital is able to subsume agrarian production under its purview and transform it into a globalized, industrial production process. It is able to do this by even foregoing techniques of primitive accumulation that have traditionally displaced the peasantry. Though the contract acts as a public document to bind persons as equals in the eyes of the state to create a promise of accountability through civil society, parties have differential abilities to meet the terms of the

contract in a system of market relations. Contract farming strangely acts to mitigate the pressures of the market,

Specifically, contract farming entails relations between growers and private or state enterprises that substitute for open market exchanges by linking nominally independent family farmers of widely variant assets with a central processing, export, or purchasing unit that regulates in advance price, production practices, product quality, and credit (Davis, 1979).

Within this agreement, a portion of the crop belongs to the exporter according to their quality standards and specifications with the land and labor of the farmer being lent to the export firm to produce these outputs. The agro-firm supplies certain technical equipment and productive inputs such as seed or machinery while also holding title over the output. The exporter effectively decides in the contract the level of autonomy allowed to the farmer on his own land to grow the agreed upon product (Davis 1980). It is difficult to say if these changing labor and productive relations are a part of or a response to the changing global agro-food system. Traditional plantation and estate production which employs waged, seasonal labor are subject to organized strikes, worker militancy, or labor shortages due to multiple factors causing international firms such as California based Bud Antle to pull out of Senegal in 1976 (Horton, 1987). Structural adjustment of the 1980s-90s also hastened the subsumption of peasant households into the restructuring of agro-industrial relations into formalized capital. Justifications of market ideologies for adopting contract farming at the micro and macro scale are that property relations remain intact and that individual farmers have their autonomy while export orientation injects much needed foreign capital into a lagging economy while stabilizing the currency. These donor induced public-private partnerships have fallen subject to the same pitfalls of other structural adjustment projects with the added disadvantage of making agricultural commodities unaffordable for laborers domestically.

Contract farming takes a number of forms internationally and there isn't generally one form that predominates over another. State-owned estates may partner with smallholder peasants drawn from the more asset-rich middle peasantry, which occurs for traditionally agricultural commodities in countries such as Kenya, Nigeria, and Cote d'Ivoire (Watts, 1994: 55). This way of operation is known to cause food shortages as arable land is used for export products. Transnational export contractors that arrange agreements with smallholders, such as Nestle and Del Monte, usually hold great political power in the countries they operate in to circumvent labor laws. It is easy for these multinationals to also monopolize the contractual obligations of the growers and dominate the markets in that domestic sphere. For the peasant growers, they operate on contracts with considerable risks. Agricultural commodities are subject to volatile price fluctuations and the indeterminacies of weather and climate, which are mostly born by peasant producers. Quality control acts as the contractual price fixer for export buyers which puts the onus largely on the peasant growers who bear the brunt of any idiosyncrasies in the growing process. This makes the contract a disciplining device for the productive process and the laborer. "The contract specifies the degree to which the grower retains any measure of autonomy over work conditions and delineates the juridical control by the buyer over many aspects of production and exchange" (Watts, 1994: 62). Contract enforcement on either end is a costly and time-consuming procedure that neither party is likely willing to put the effort into, which allows for routine manipulation of the agreement. Growers can renege when spot prices are higher and contractors can also use price volatility to breach contracts and in turn buy up growers' harvests below the agreed price. Contracts that are created under conditions of authoritarianism or monopoly and decentralized growing schemes are likely to dissolve into relationships of exploitation.

Contract production clearly represents a distinctive form of commodity production with a distinctive labor process. To this extent the neoclassical view tends to obscure the degree of economic compulsion and hence the power exercised by the contractor (Watts, 1994: 63).

What is unique about contract farm production is that the point of production, the land, still belongs to the laboring class. It is the legal framework through the contract that is shaping the material and social relations that the laborer has to his land and the products that are cultivated on it. "The contract, in other words, maps the topography of the labor process linking the grower and buyer processor and speaks directly to the social relations shaping what Marx called the 'effective control' of the means of production and labor power" (64). Agrarian laborers are shackled to their land and become "propertied proletarians." Growers are alienated from their land, labor, and material yields while exporters and investors forgo the risk and cost associated with primitive accumulation. A superior knowledge of a European-derived legal framework, a bureaucratic system of international standards protocol, free flowing capital to speculate with, and a legal-political framework and its language give contractors the superior advantage through what is supposed to be a legal device that ensures equal agency. But in a global political economic framework that is largely dominated by entrepreneurial and anarcho-liberal market logics, there are no global agencies to reinforce the equity of agents on this scale. So even if contract farming is theoretically supposed to protect growers from the vagaries of the market, they are just as likely to be exploited and even worse-- are self-exploiting under the contract system.

The contract farming system also reinforces gendered exploitation within family units because many smallholder farms are employed through family labor. Household labor becomes subsumed to the contract's specifications causing reproductive labor to be subordinated to the needs of capital. The contractual mechanism is different than the processes outlined by Federici (2004) that gendered household conflicts in this case have become much more overt, with wives and children refusing to work or joining outside labor organizations to negotiate their joint household labor. This can bring domestic violence into the household for wives and children as a mechanism for ensuring labor compliance (Von Bulow & Sorenson, 1988:93-94). The introduction of contract farming can radically change household social relations where women may have had relative autonomy previously, as was the case for the Teso of the Western Province of Kenya (Heald, 1988: 24).

5 Land Reform & Agrarian Restructuring in Post-Apartheid South Africa

The structure of the agricultural industry in South Africa is historically determined by its history of settler colonialism and accumulation by dispossession with the occupation of territory by the Dutch Boers and subsequently English colonialists. The nature of spatial occupation differs across the country due to a variety of factors such as geography, climate, population, resource availability, and colonial politics. A major determinant of landholdings and access to the means of production were the succession of laws that prevented native Africans from owning land to the eventual total separation policies of apartheid that relegated Africans to 13% of the land mass.

With the fall of apartheid and the creation of the new constitution, land reform and restitution became a key tenet of the country's legal policy. The goal of the Transitional Executive Council was to create a two stage process of constitutional reform that would not penalize the minority who benefited lawfully from the past era, but at the same time reform the constitution so that it may reflect the multiple interests of the public as well offer reparations for past injustices. The National Party wanted to remain relevant and have its minority interests protected against majority rule. At the same time, the African National Congress knew it could not build off the old constitutions that were structurally biased against blacks and the poor. With the ANC receiving just shy of 2/3 of the vote needed to secure absolute control of the process, the NP still had some representation in the legislature, as did the Inkatha Freedom Party.

The Constitutional Assembly (CA) had a number of principles that it wanted to base the constitution on. Among them were:

- A constitutional democracy with an independent judiciary

- Openness, accountability, and equality based on universal adult suffrage and regular elections
- Separation of Powers among the legislature, executive branch, and judiciary with checks and balances
- Universally accepted civil liberties protected by the legal system; including programs to provide restitution to those disadvantaged by race, color, or creed
- A sovereign state with national, provincial, and local governments
- Recognition of the status of traditional leadership
- Representational government with multiple parties and proportional representation (Motala & Ramaphosa 2002)

The final constitution upheld the Constitution as being supreme law to be arbitrated by a constitutional court. (13) The Parliament is vested with legislative authority unless it conflicts with the Bill of Rights, which binds all organs of state; it is divided into a National Assembly and the National Council of Provinces (NCoP). The National Assembly has 350-400 members depending on population and the NCoPs has ten party delegates from each province determined by proportional representation. The Bill of Rights respects fundamental human rights such as the right to dignity, life, bodily and psychological integrity, privacy, political rights, equality, and to not be subject to torture or slavery. Freedom of expression, assembly, and association are also important to the Bill of Rights because of South Africa's long history of exclusion based on ethnicity. The United Nations Declaration of Human Rights provided a template for much of the South African Bill of Rights because of its universality. The constitution also includes a clause on social welfare rights, such as: access to adequate housing, health care services, sufficient food and water, social security, emergency medical treatment, and a basic education in the language of their choice. In addition, a special commission was created to ensure these social rights were maintained, including the Human Rights Commission, the Commission for the Promotion & Protection of the Rights of Cultural, Religious, & Linguistic Communities, and the Gender Commission.

Land reform and the right to own property also hold a special clause in the Constitution. Section 25 of the Constitution contains 9 provisions:

1. No one may be deprived of property except in terms of general application and no law may arbitrarily deprive a person of property
2. Property can only be taken under the law of general application, which includes being for public purposes/interests and for providing compensation.
3. The compensation must be just and equitable with the interests of the public and those affected, including:
 - a. Current use of the property
 - b. History of its acquisition and use
 - c. Its market value
 - d. The extent it is subsidized by the state
 - e. The purposes of expropriation
4. It is in the nation's interest to commit to land reform for equitable access to land and natural resources
5. Within reasonable limits, the state should provide conditions where citizens have access to land on an equitable basis
6. People(s) whose land tenure is insecure as result of racially discriminating laws is entitled to tenure that is legally secure or comparable redress
7. Those dispossessed of their land after 19 June 1913 as a result of past racially discriminating laws is entitled to its restitution of suitable redress
8. This section may not prevent legislation pertaining to land, water and related reform
9. Parliament must enact legislation pertaining to section (6) (304)

One of the first major acts passed through Parliament after the elections was the 1994 Restitution of Land Rights Act. It established the Commission on Restitution of Land Rights and the Land Claims Court as well as appointed a Commissioner and enumerated his duties towards investigation, mediation, claimant referral, and certifying feasibility. It also clarifies what claims can be considered by the commission. The Act also defines what criteria the Land Claims Court may use to determine restitution in accordance with the Bill of Rights and what state apparatus' may be used to enact this. The White Paper on South African Land Policy released in 1997 is a report explaining how the Act has worked over the three years since it was ratified as well as states the future goals of land reform policy. These include redressing the injustices of apartheid, fostering national reconciliation and stability, promoting economic growth, and improving household welfare and alleviating poverty. (7) Some of the barriers it addresses in achieving these goals are inadequate staff, long term environmental sustainability, and budgetary constraints. One of the programs enacted by the department is the allocation of R15,000 to claimants to buy back land or secure tenure. Creating monitoring and evaluation systems as well as partnering with civil society are some key aspects of land tenure reform. The legal framework for restitution is also outlined in this.

Since its passing, a number of additional acts and amendments have been added to the Land Rights Act to clarify the mechanisms for the valuation of land, how settlements are negotiated, what departments are accountable for transferring deeds and compensation, etc. After nearly twenty years experience with the government facilitating land restitution some issues have become of concern for the future feasibility of the process. The de facto system used in determining the value of land to be restituted is the "willing-buyer, willing-seller" model, which is essentially a market based supply and demand model. This model has made it increasingly expensive for the government to buy back land because of potential distortions and volatilities in the market system, which is also slowing the speed at which land reform is implemented. The goal was to take 30% of commercial agricultural land for restitution by 2015, but only a quarter of that goal was reached by 2011. (DRDLR 2012) The problem of using market value as an indicator is that it is often affected by speculation and does not necessarily reflect the intrinsic value of the land and thus goes against the government's purpose as stated in the Constitution. The properties are also not on the open market and the government is the exclusive, special buyer. The Green Paper and its proposed policy framework put forward the establishment of an Office of Valuer-General whose purpose would be to ensure that public funds towards land restitution are allocated in a fair and efficient manner as well as creating standards for determining if land reallocation is 'just and equitable' and mechanisms for its enforcement. It should also maintain a database for access to reliable property and market data, which will help to equitably assess compensation criteria.

Under Jacob Zuma, this stance has changed dramatically in response to criticisms towards the slow progress and failures of land reform and more importantly the redistribution of wealth in the country since the end of apartheid. His cabinet has introduced proposals for "radical economic transformation" which among its goals is the 50/50 plan for land restitution, which puts forward that black workers or tenants on white-owned farms will come to own 50% of the farm for fifty years of service. This comes with a litany of stipulations that the land is used under certain conditions and generational transference of ownership is limited. The discursive language of the proposed plan is that though the constitution ensures the rightful restitution of land, individuals must *earn* their share of the land through its productive development (INDABA, 2015). These goals claim to be in line with the United Nations Agenda 21. This vision for land reform is aligned with the National Development Plan's Inclusive Rural Development schema which has as its major goal rural food security. The plan has many skeptics and despite its launch in 2015 has continued to go unimplemented. Ben Cousins notes how this schema will likely only benefit those well-placed in the system to capture the benefits in backdoor partnerships. The South African government does not have the resources to implement major land reform at this scale currently, especially with accusations of major corruption currently plaguing the ANC (Cousins, 2017).

With South Africa's outwardly oriented economic outlook since the implementation of the Growth, Employment, and Redistribution (GEAR) strategy in 1996, agriculture has always been strategically adjusted to global export commodity chains. South Africa is a net exporter of agricultural products with fruits and nuts and beverages comprising the largest categories of trade at nearly 50% of all products (DAFF 2011). Many of these products are traded to the Global North or neighboring African countries and increasingly East Asia. Due to the racist legislation of the apartheid era, farm sizes consolidated and grew under the ownership of white farm owners. There have been a declining number of farmers but increasing farm sizes into the 21st century (10). The cost of inputs and farm labor has decreased for South African farmers. As mentioned earlier, contract farming is seen by econometric analysts as a useful mechanism for small-scale producers to enter into global commodity chains with lower external costs. Land reform quite strategically also pushes restitution recipients into commercial agricultural endeavors. There is little empirical literature linking land reform restitution, global commodity chains, and contract farming so this paper can only speculate with some hesitation the benefits that may accrue for small-scale farmers in South Africa. What little literature there is on contract farming in South Africa in general is mixed. The scale that contract farming operates on in the country is hard to determine and systematically measure. Many small-scale farmers that do operate on contract do so through informal agreements, depending on the industry involved. Meat, poultry, and eggs are fully integrated while fruits and vegetables are more likely to come from contractors or spot markets (Vermeleun, Kirsten, & Sartorius, 2008). With some estimations, such as the citrus sector, that a mere 1.2% of farm households are contract farmers (Freguin-Gresh & Anseeuw, 2012:6) while for supermarkets in South Africa it is stated that nearly 80% (78.5%) of fruits and vegetables are sourced from contract farmers (Vermeleun, Kirsten, & Sartorius, 2008:212).

6 Linking Contract Farming in South Africa to Marx & Kautsky

What much of the literature around contract farming does characterize is how the legacies of apartheid have created a dual structure in the agricultural framework configured around race (Anseeuw, Freguin-Gresh, Biénabe, Banda, Derembwe, & Nicholson, 2011; Freguin-Gresh, & Anseeuw, 2012; Freguin-Gresh, D'Haese, Anseeuw, 2012; Kepe & Tessaro, 2014; Toit, 1994; Vermeulen, Kirsten, & Sartorius, 2008).

The permanence of duality of South African agriculture has strongly and deeply influenced farmers' development paths and remains determinant in the ability of farmers to respond to markets' requirements and their possibility to engage in contracts. The differences in scale of production and trade imply competition discrepancies between farmers, negatively affecting the smaller (black) ones (Freguin-Gresh, & Anseeuw, 2012: 9).

Contract farming will only entrench the racial inequalities embedded in the landscape through settler colonialism and accumulation by dispossession. This is where Marx and Kautsky again become useful especially in the South African context. Contract farming not only signals the proletarianization of the agricultural workforce without dispossession of land (Borras & Franco, 2012; De Schutter, 2011) but with the workings of South Africa's incorporation into global agro-restructuring and the integration of land restitution under the guise of food security, black South African producers cannot only not compete with the scales of consolidated large-scale commercial farms that are historically white owned, they are also risking being further dispossessed or self-exploited through the contract system through which they have no legal recourse. Small holders become de facto precarious employees of larger agro-firms but without any social benefits and also burdening of the material risks. An important mechanism of capital that carries important shifts for land across all of these readings is that of speculative capital; that is, capital that is not tied to productive output rather than currency circulation. Interest is what determines the price of land that is leased through a mortgage system which has become necessary for many contemporary farm owners who must take out loans on their land in order to afford the required inputs to increase productive yields on finite units of land. In an

increasingly tenuous system of global commodity-chain production, all the risks of production are shouldered on the producers in the developing world while the agro-industrial exporters/contractors who supply the agricultural goods to the developed world profit off their political and bureaucratic networks. Marx and Kautsky speak of the landowning class as a distinctive class separate from the capitalist entrepreneur. But in the situation of contract farming we see landowners and laborers conflated into one exploited agrarian/laboring class. The legal mechanism of the contract serves as the disciplining device which indicates that the state is in collusion with capital to fashion peasant landholders into entrepreneurial subjects. Kautsky mentions that when the landowner and producer is the same individual, there are possibilities to create surplus profit. But from the cases that Watts et al are presenting under the contract schema, mortgaged tenant producers are manifested into precarious laborers, self-exploiting and hemmed in from both sides. They cannot increase their capacity beyond inputs because the price of land is unaffordable due to a number of factors, competition among food producers and speculative capital investing in land being among them. But they are pressured from above to increase yields and meet contract requirements and standardizations in order to get the minimum price negotiated at the outset. The “mobile” capitalist class is increasingly making the leverage of landowners obsolete through the mechanisms of contracts and international standards agreements. Accumulation by dispossession is no longer necessary to get to the means of production. If the mobile capitalist class has a monopoly over the state and legal system, the means of production is de facto under their control. Contract farming demonstrates this process. The writings of Marx and Kautsky are important for the current global economic climate, for peasants or otherwise, because speculative capital and debt are powerful mechanisms for oppression in the developed and developing world alike. There are also few structures for tracing or controlling these flows and technology has only enabled its rise. The collusion of the state, speculative capital, and debt and its affect on agriculture, land, and the peasantry is a topic that needs to be further researched, especially in the rural context. For the case of South Africa, it is important to decenter discussions of land reform away from food security, productivity, and scale to the agricultural laborers themselves. Dismantling paternalist structures in rural areas and around farms is one step towards emancipating the most valuable and productive land for the historically dispossessed. This topic is worth further discussion.

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