

HSRC RESEARCH OUTPUTS

5049

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Problem statement

- Agriculture identified as a sector with potential for job creation (eg low cost-per-job, high multipliers, etc)
- But this is not what we are seeing
- Why?
 - Potential not as great as supposed?
 - Not investing appropriately to exploit?
 - Not sure what *form* potential assumes?
 - Land reform – not sure how to do it?

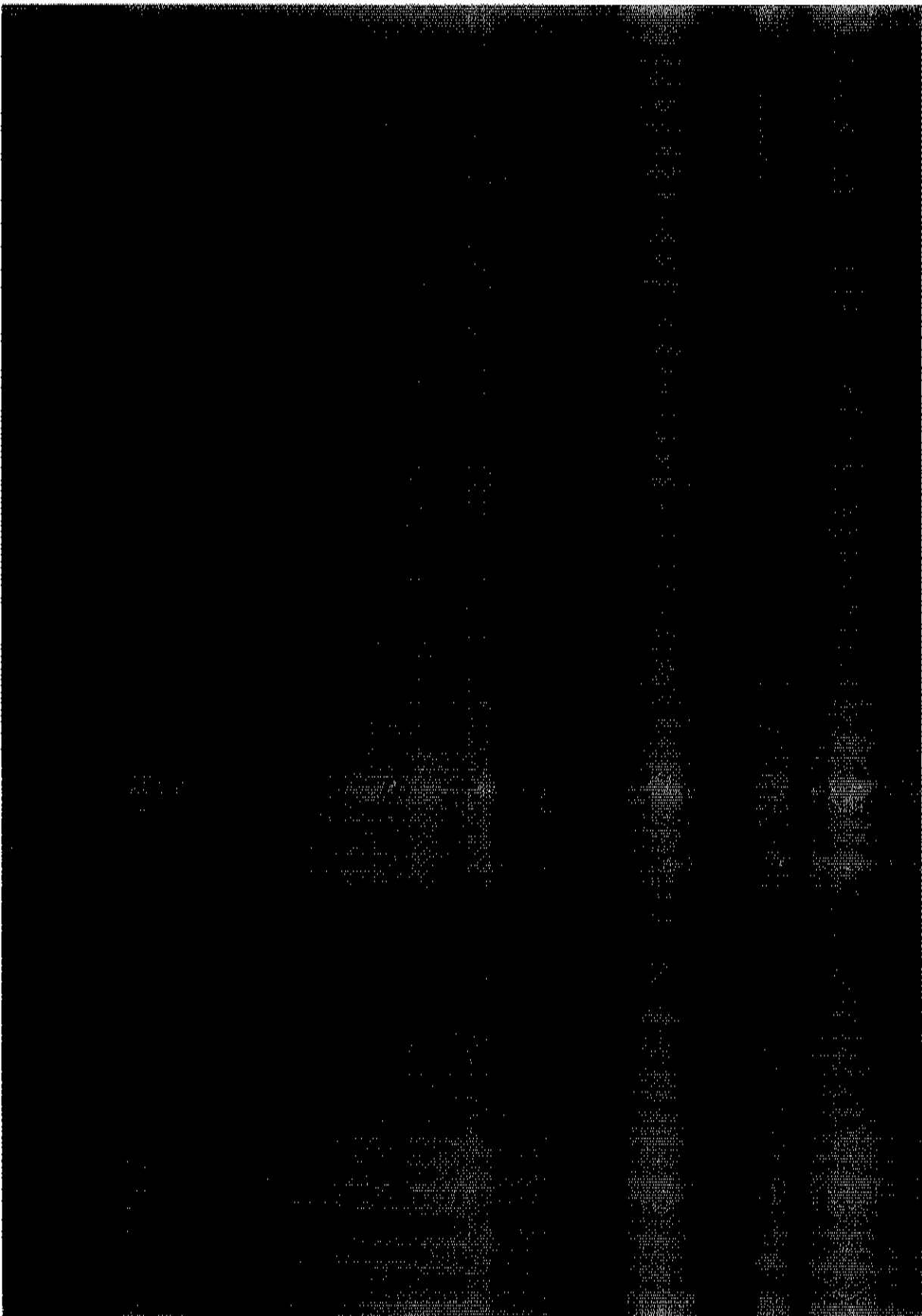
Outline

- Overview of the exercise, considerations, limitations
- Current trends in South Africa
- International perspective
- South Africa scenarios
- Preliminary conclusions

This exercise

- Estimate job/livelihood creation potential within primary agriculture (ie excluding agro-processing) – what can agriculture contribute?
- ...under different possible 'agrarian structures' and strategies – scenarios
- ...bearing in mind three areas of activity
 - Commercial agriculture in 'former white RSA'
 - Agriculture in former homelands
 - Redistributive land reform (redistribution and restitution)

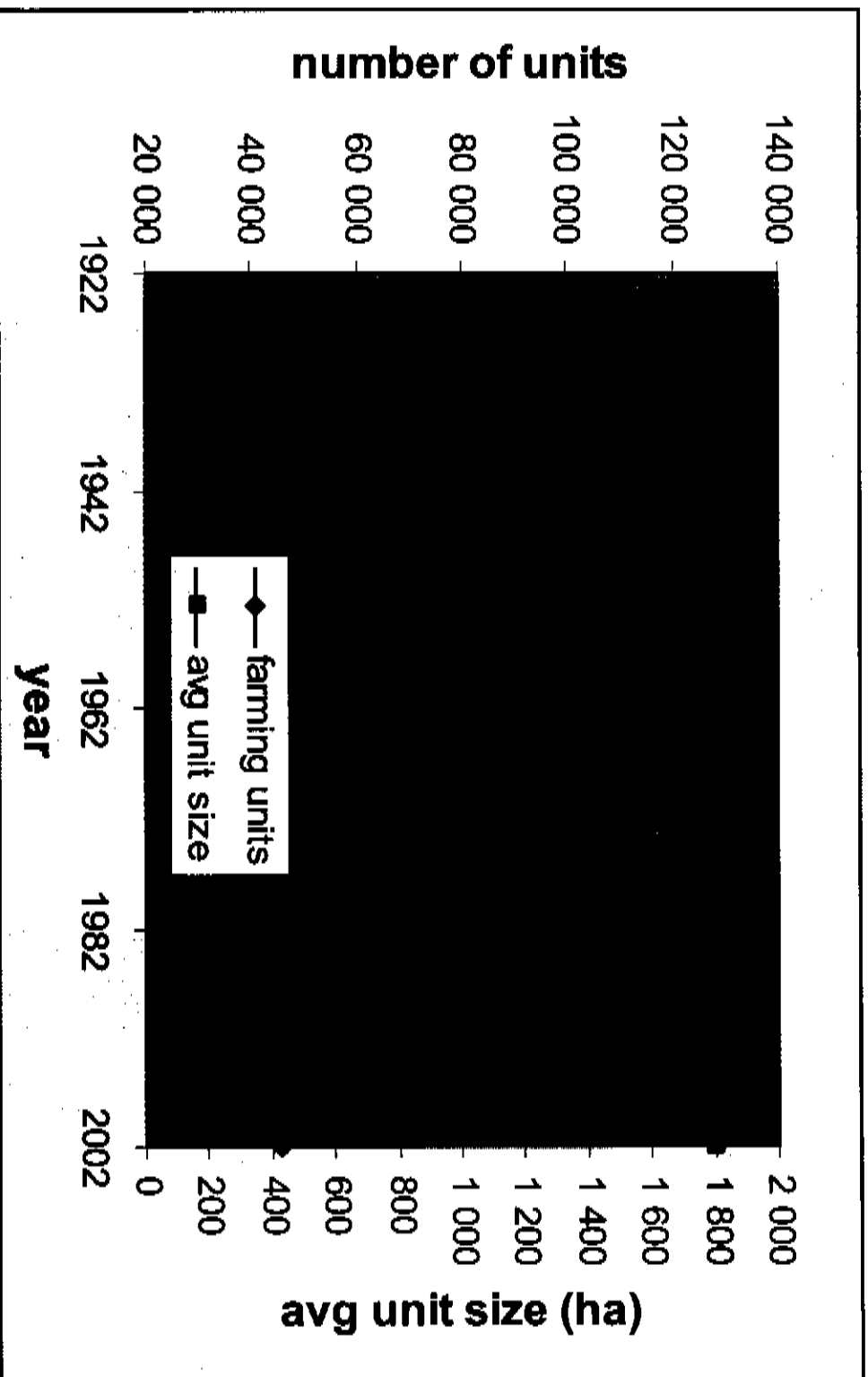
Issues, questions, limitations...



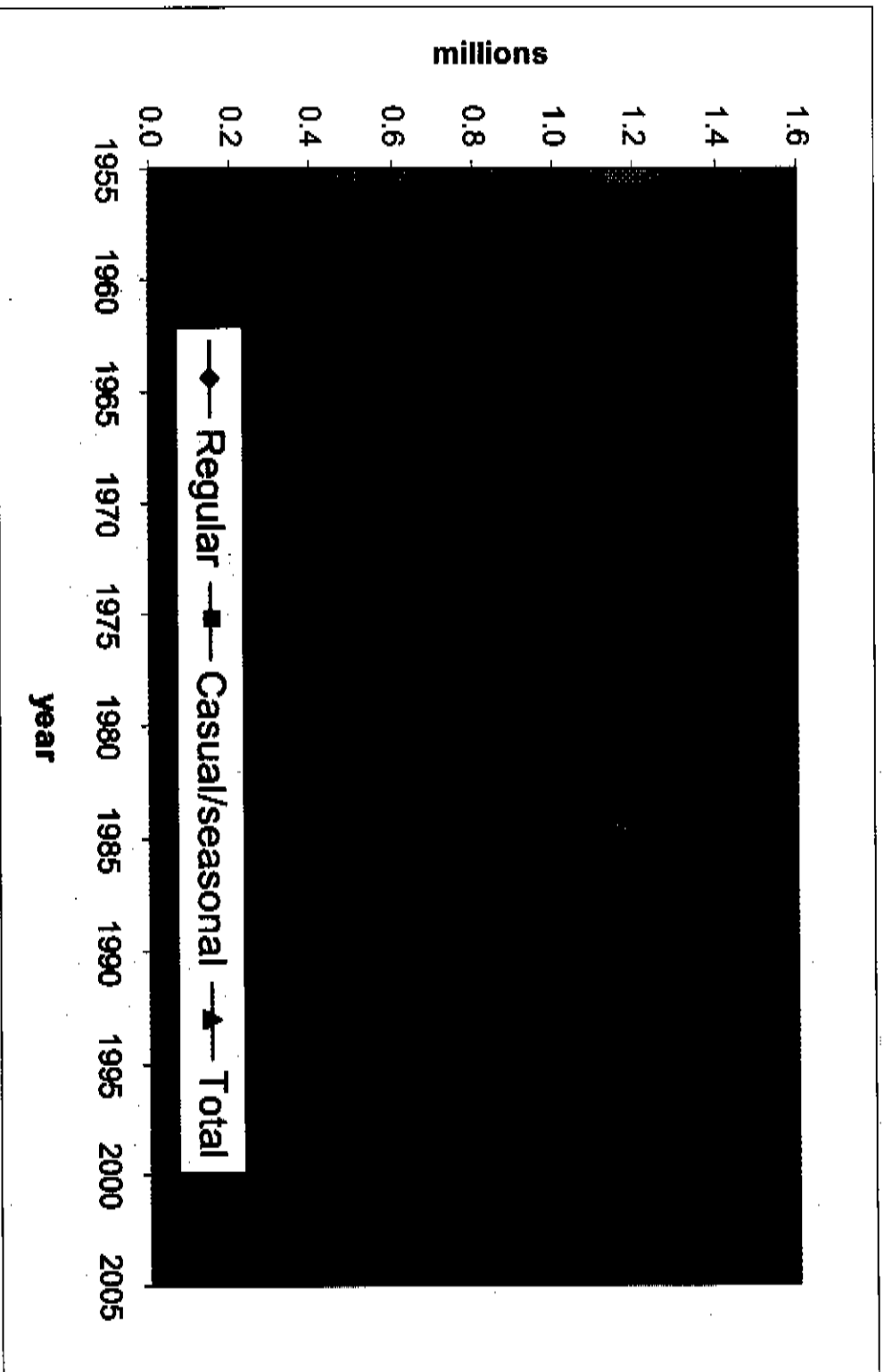
Current reality and trends

Type	Approx number (year)	Recent changes (period)
Commercial farm employees	780 000 – est. total (2005)	– 300 000 (1993 – 2005)
Communal areas	200 000 – ‘smallholders’ & medium-scale black commercial farmers (2005)	+/- 0 (2000 to 2006)
	4 to 4.5 mn – ‘semi-subsistence’ (2006)	+ 200 000 to 1 mn (2000 to 2006)
Land reform	44 000 – redistribution (2005)	+ 44 000 (1995 to 2005)
	110 000 – restitution (2005)	+ 110 000 (1995 to 2005)
Agro-processing	380 000 (2005)	– 150 000? (1990-2005)

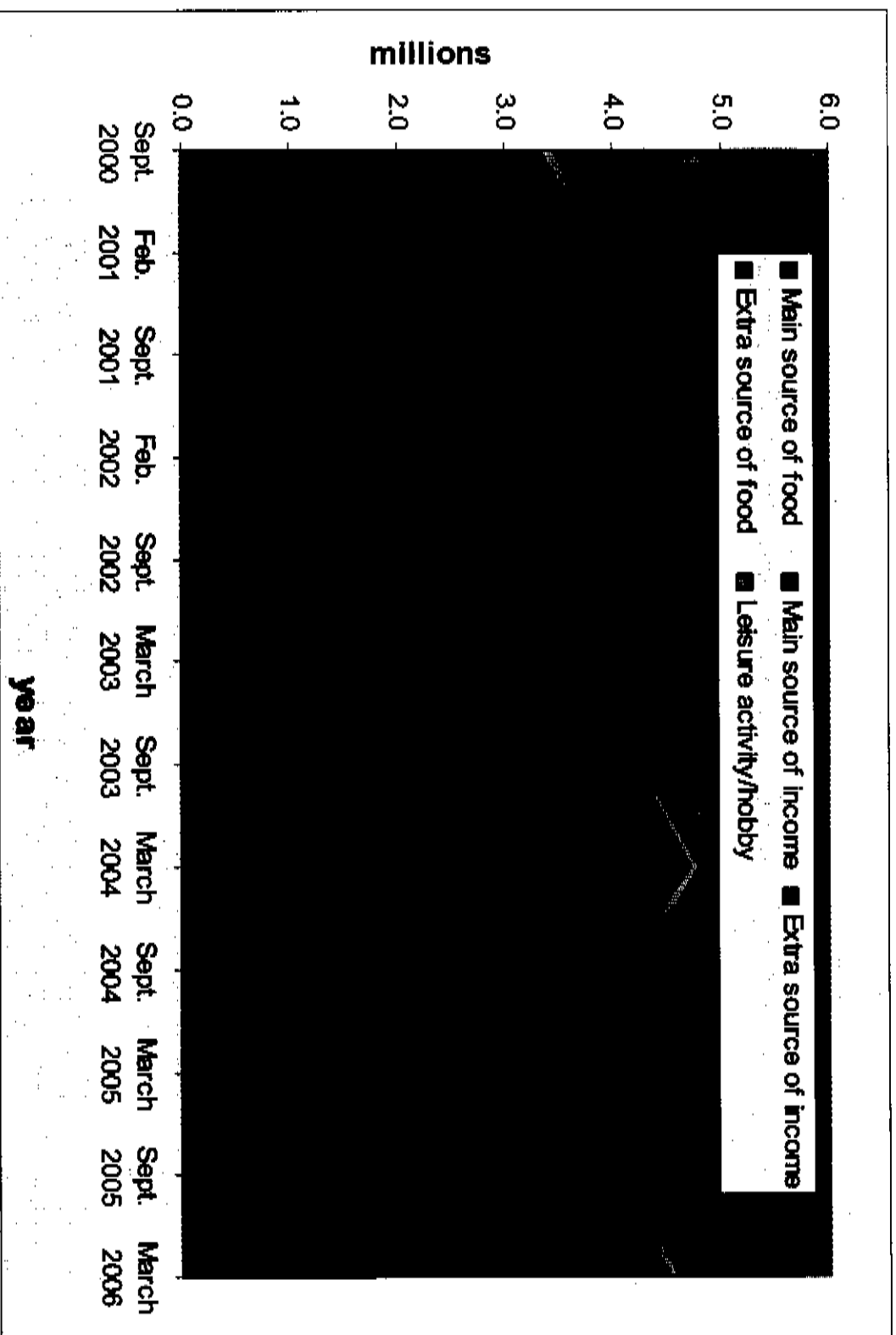
Current trends – commercial farm consolidation



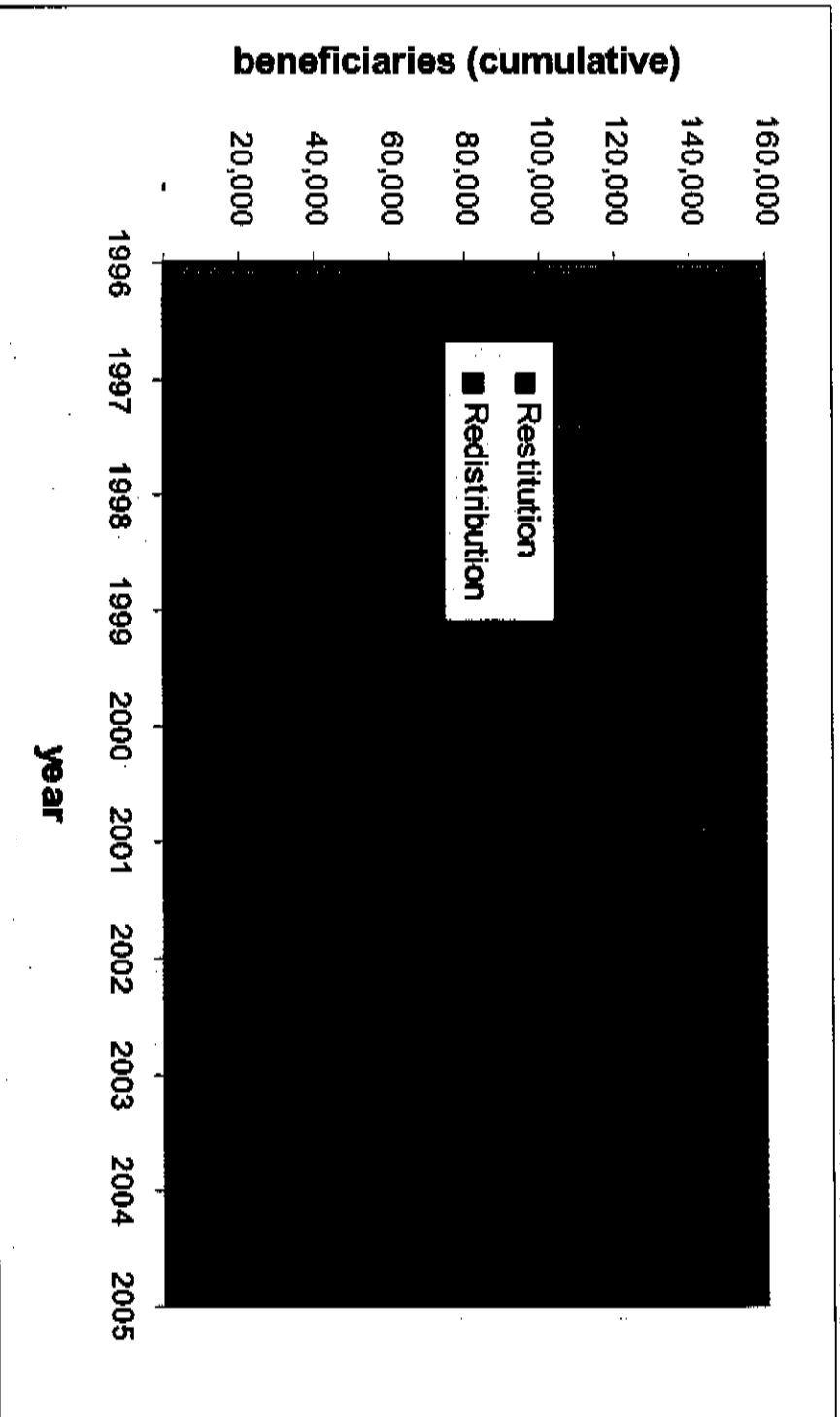
Current trends – agric employment



Current trends – ‘black agriculture’ (mostly former homelands)



Current trends – land reform



but...

International perspectives

2008 World Development Report

- Increasing seasonality of agricultural employment
- Remuneration for farm labour too low to help workers escape rural poverty
- Diversify rural economy with more nonfarm employment opportunities
- With the general rise in per capita income stable wage-employment in agriculture tends to expand

International perspectives...

Agrarian structures

- Small family farmers versus large scale farms
- Nature and extent of support across these farming types
 - neglected or actively supported
- No country-level evidence
- Prospects for employment generation and rural poverty reduction?
- Adaptation strategies: with increases in the real or perceived cost of labour- there is an accelerated shift to capital intensive farming...
- SA- higher perceived costs of labour (farmers view current policy environment as pro-worker)

Agrarian structure typology

	Small family farms (Egalitarian land distribution ?)	Large farms (Unequal land distribution?)
Weak/no support for small farmers	Tanzania	Brazil
Strong/partial support for small farmers	China	Mexico

Family farmers - broadly supported (case studies)

Typical policies	Overall policy impact	Agricultural employment
<p>Reduce agric taxation to promote small holders</p> <p>Macroeconomic policies, infrastructure and agric development support to small farmers</p>	<p>Rapid growth in agricultural output and rural poverty reduction</p>	<p>China=market orientation and rural surplus labour and agric employment falling</p> <p>Indonesia: falling agric employment; need labour intensive inputs</p>

Family farmers - poorly supported/neglected (case studies)

Typical policies	Overall policy impact	Agricultural employment
<p>Discrimination against agric (industrial bias and export taxes) Support for large farmers and estates- aligned to political elite</p>	<p>Sharp increases in rural poverty</p>	<p>Tanzania =falling agric employment and labour productivity Ghana= jobs mainly in low-income farming ; stagnant agric productivity</p>

Unequal land distribution - partial support to small farmers (cases)

Typical policies	Overall policy impact	Agricultural employment
<p>Discriminate against agric (industrial protection and export taxes)</p> <p>Large scale investment projects in rural areas and partial land reforms</p>	<p>Modest increase in agric output and rural poverty reduction</p>	<p>Mexico= agric subsidies, communal and transfers, but small farmers seeking off-farm employment</p> <p>Kenya= development policies prioritise agric; pressure on land due to depressed of nonfarm employment</p>

Unequal land distribution - neglect of small farmers (cases)

Typical policies	Overall policy impact	Agricultural employment
<p>Discriminate against agric (industrial protection and export taxes)</p> <p>Compensate rural elites</p> <p>Poorly designed land reform programmes unable to stop evictions of tenants</p>	<p>Growth in agric output</p> <p>Widespread rural poverty and unemployment</p>	<p>Brazil = large scale liberalization and agric employment sharply falling</p> <p>Colombia= Agric offers significant employment but extreme rural poverty rooted mainly in land inequality</p>

RSA scenarios - approach and process

- Identify different possible scenarios – consultative process
 - Workshop, May 2007, 'inconclusive' (traumatising)
 - Post-workshop – 12 scenarios submitted by diff participants, lots of convergence but complex
 - Boiled down to 10 'sub-scenarios', distinction between former white rural SA and former homelands
- Within each, consider different types of impacts – formal jobs, smallholder opportunities, semi-subsistence opportunities, etc.
- Use 'land budget', technical coefficients and various assumptions to estimate impacts
 - Simple spreadsheet-based simulation
 - Projecting employment (kind of) to 2020
- Consider feasibility, e.g. inre policy measures, resource constraints, but not captured: knock-on effects, water constraints, climate change, fiscal costs....

Overview of scenarios

Former white rural RSA	Former homelands
<ol style="list-style-type: none">1. Continuation of current trends + failed redistributive land reform2. Intensification of commercial agriculture3. Successful large-scale land reform + maintenance of productive white commercial farms4. De-racialisation of commercial agriculture5. Public estate farming6. Large-scale non-productive populist redistributive land reform	<ol style="list-style-type: none">I. Continued stagnation of former homeland agricultureII. Revitalisation of smallholder production in former homelandsIII. Internal commercialization and consolidationIV. Commercialisation by way of selling out/off

'Continuation of current trends'

How it could happen

- No major change in policies, or improved ability to implement policies we have

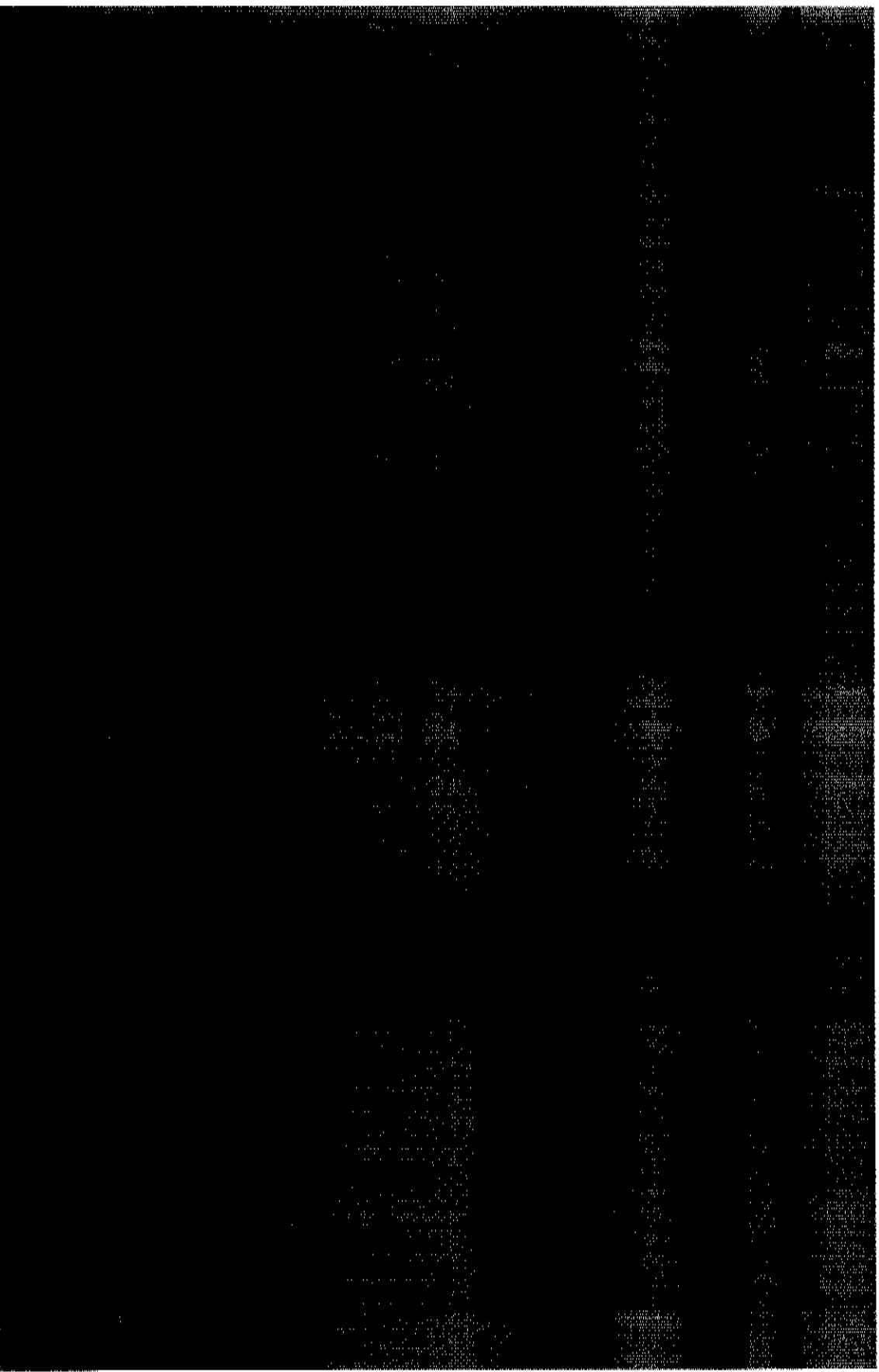
Projected figures

- 100 000 to 200 000 fewer farm jobs
- 75 000 to 100 000 livelihoods created or boosted via land reform
- 1 million additional food security plots via 'natural growth'

Policy/implementation questions

- Could lend itself to popular frustration and political opportunism?

**'Large-scale land reform + revitalisation of
smallholder production in former homelands'**



'De-racialisation via land reform + commercial dev't in former homelands'

How it could happen

- Logic: common emphasis on large-scale black commercial farmers
- Large investment in redistributive land reform
- Large investment in supporting black commercial farmers

Projected figures

- No change in farm jobs, but some relocation
- 85 000 livelihoods created or boosted, but almost exclusively black commercial farmers
- 0 to 0.5 million *fewer* food security plots
- Significantly changed racial ownership pattern

Policy/implementation questions

- Political acceptability ambiguous – too few beneficiaries?
- Do we know how?
- Does it match demand?

Comparison

	Current situation (2005)	
Formal agric employment	780,000	
Large-scale black farmers	1,000	
Black smallholders	200,000	
Semi-subsistence farmers	4,000,000	
Smallholder employees	100,000	
'Net livelihood creation'?		

Preliminary conclusions

1. Alternatives not conceived as 'high road' and 'low road', but as distinct choices
2. Potential for large-impact the more we deviate from existing models
3. Difficult to assess relative attractiveness of alternatives, bc 'apples and oranges'
4. To some extent, scope for having one's cake and eating it via careful targeting of land?
5. We know too little about the real-life feasibility of these alternatives